S E A HOLDINGS LIMITED

爪哇控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code：251)

OVERSEAS REGULATORY ANNOUNCEMENT

This overseas regulatory announcement is made by S E A Holdings Limited (the "**Company**") pursuant to Rule 13.10B of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Asian Growth Properties Limited ("**AGP**") is a company listed on the AIM Market of The London Stock Exchange plc. ("**LSE**") and a 97.17%-owned subsidiary of the Company. Please refer to the attached announcement on the next pages published on LSE by AGP on 17 March 2017.

The directors of the Company as at the date of this announcement are:

Executive Directors:
Mr. Lu Wing Chi *(Chairman and Managing Director)*
Mr. Lincoln Lu
Mr. Lambert Lu

Independent Non-executive Directors:
Mr. Walujo Santoso, Wally
Mr. Leung Hok Lim
Mr. Chung Pui Lam

Non-executive Director:
Mr. Lam Sing Tai

Hong Kong, 18 March 2017

** For identification purpose only*

17 March 2017

Asian Growth Properties Limited

Results for the year ended 31 December 2016

Asian Growth Properties Limited (the "Company") (AIM Stock Code: AGP), the Hong Kong based China property development and investment company, announces its audited consolidated results for the year ended 31 December 2016 as follows:

Financial Highlights

- Profit attributable to the Company's shareholders of HK$425.4 million (£44.4 million) (2015: HK$1,336.7 million (£116.4 million)).
- Profit attributable to the Company's shareholders (excluding revaluation deficit net of deferred tax) was HK$500.9 million (£52.3 million) (2015: HK$355.9 million (£31.0 million)). The increment was a result of the combined net effect of the following:
  - (i) the increase of HK$184.0 million (£19.2 million) as a result of total net realized gain of HK$615.8 million (£64.3 million) arising from the sale of Dah Sing Financial Centre, the Projects of Chengdu Nova City, the Kaifeng Nova City and Huangshan during the year as compared with the realized gain on the sale of the Fo Tan Project of HK$431.8 million (£37.6 million) in 2015;
  - (ii) write-off of other receivables net of overprovision for relocation costs of the Nanjing Project of HK$157.0 million (£16.4 million) after net of the minority interest's 49% share of such loss; and
  - (iii) the decrease of HK$77.0 million (£8.0 million) in management fee paid to South-East Asia Investment And Agency Company, Limited ("SEAI"), a wholly-owned subsidiary of S E A Holdings Limited (the holding company of the Company), pursuant to a cost sharing agreement made between the Company, its various subsidiaries and SEAI in 2014 for the use of SEAI's personnel and facilities on a cost-sharing basis for the Company to carrying its business activities.
- Earnings per share for profit attributable to the Company's shareholders of HK48.0 cents (5.0 pence) (2015: HK150.8 cents (13.1 pence)).
- Net asset value per share attributable to the Company's shareholders as at 31 December 2016 of HK$14.4 (150.5 pence) (31 December 2015: HK$16.0 (139.3 pence)).
- Geographical location of the Group's property assets were as follows:

	31 December 2016	31 December 2015
Hong Kong	**HK$892.2 million (£93.2 million)**	HK$10,298.3 million (£896.7 million)
United Kingdom	**HK$1,494.1 million (£156.1 million)**	-
Mainland China	**HK$2,413.1 million (£252.1 million)**	HK$4,534.2 million (£394.9 million)
Total	**HK$4,799.4 million (£501.4 million)**	HK$14,832.5 million (£1,291.6 million)

- As at 31 December 2016, bank balances and cash of the Group amounted to HK$9,778.9 million (£1,021.7 million). After netting off bank borrowings of HK$3,458.6 million (£361.4 million), the Group had a net cash position of HK$6,320.3 million (£660.4 million) at year end date, compared to a net debt position of HK$342.3 million (£29.8 million) with gearing ratio of 2.3% as at 31 December 2015.

- The Board has declared a special cash dividend of HK$2.25 per common share to the shareholders of the Company, payable on Thursday, April 13 2017 on the share register on Friday, 31 March 2017.

Operational Highlights

- Prior to the completion of the disposal of Dah Sing Financial Centre in May 2016, stable gross rental income was generated from this property in Hong Kong with a high occupancy rate.
- The hotel operation results of Crowne Plaza Hong Kong Causeway Bay were in general in line with the weaker hotel business environment in 2016.
- Sale of Dah Sing Financial Centre was completed in May 2016 and realised a gain on disposal of HK$611.5 million (£63.9 million) and generated net cash after repayment of bank loans of approximately HK$8,019 million (approximately £837.8 million).
- On 19 April 2016, the Group entered into a sale and purchase agreement in relation to the disposal of the Kaifeng Nova City Project for a consideration of HK$900 million (£94.0 million) in cash. Completion of the disposal took place on 26 April 2016.
- On 22 August 2016, the Group entered into a sale and purchase agreement in relation to the disposal of Chengdu Nova City Project for a consideration of HK$890 million (£93.0 million) in cash. Completion of the disposal took place on 29 August 2016.
- On 7 November 2016, the Group entered into a sale and purchase agreement to acquire the entire issued units in a trust that owns the property known as 20 Moorgate, London, EC2R 6DA for a total consideration of approximately £154.0 million (approximately HK$1,473.9 million). Completion of the acquisition took place on 7 November 2016.

Notes:

1. *Figures in Pounds Sterling are translated from Hong Kong dollars based upon the exchange rates prevailing on the latest practicable business day of the respective accounting years. The relevant exchange rates adopted are stated as follows:*

   For 31 December 2016: £1 = HK$9.571
   For 31 December 2015: £1 = HK$11.4841

2. *For the Company's shareholders' information, the exchange rate on 15 March 2017 was £1 = HK$9.4701*

Miscellaneous

The results included in this announcement are extracted from the audited consolidated financial statements of the Company for the year ended 31 December 2016, which have been approved by the Board of Directors on 17 March 2017.

The 2016 Annual Report is expected to be posted to the Company's shareholders and holders of depositary interests in late April 2017.

This announcement contains inside information for the purpose of Article 7 of the Market Abuse Regulation (EU) No. 596/2014.

For further information, please contact:

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Executive Director
Asian Growth Properties Limited

Richard Gray TEL: +44 207 886 2500
Andrew Potts
Panmure Gordon (UK) Limited
(Nominated Advisor)

Attached:-

1. Chairman’s Review;
2. Executive Directors’ Review;
3. Consolidated Statement of Profit or Loss;
4. Consolidated Statement of Profit or Loss and Other Comprehensive Income;
5. Consolidated Statement of Financial Position;
6. Consolidated Statement of Changes in Equity;
7. Consolidated Statement of Cash Flows; and
8. Notes to the Consolidated Financial Statements.

This announcement can also be viewed on the Company’s website at:
http://www.asiangrowth.com/html/eng/news.asp

CHAIRMAN'S REVIEW

I am pleased to present the audited consolidated financial results of Asian Growth Properties Limited ("AGP" or the "Company", together with its subsidiaries, the "Group") for the 2016 year to the shareholders of the Company.

Results

AGP reported a profit attributable to the Company's shareholders of HK$425.4 million (£44.4 million) for the year ended 31 December 2016 (2015: HK$1,336.7 million (£116.4 million)). The reported profit included a revaluation deficit on investment properties net of deferred taxation of HK$75.5 million (£7.9 million) (2015: revaluation surplus of HK$980.8 million (£85.4 million)). By excluding the net effect of such deficit, the Group's net profit attributable to the Company's shareholders was HK$500.9 million (£52.3 million) (2015: HK$355.9 million (£31.0 million)), including a realised gain of HK$611.5 million (£63.9 million) and HK$127.1 million (£13.3 million) in relation to the sale of the property of Dah Sing Financial Centre and Chengdu Nova City Project respectively and a realized loss of HK$90.5 million (£9.5 million) and HK$32.3 million (£3.4 million) in relation to the sale of the Kaifeng Nova City and Huangshan Projects respectively.

As at 31 December 2016, the Group's equity attributable to the Company's shareholders amounted to HK$12,789.5 million (£1,336.3 million) (31 December 2015: HK$14,218.8 million (£1,238.1 million)). The net asset value per share attributable to the Company's shareholders as at 31 December 2016 was HK$14.4 (150.5 pence) as compared with HK$16.0 (139.3 pence) as at 31 December 2015.

The Group's hotel property is stated at cost less accumulated depreciation charges at a carrying value of HK$892.2 million (£93.2 million), whereas the market value as at 31 December 2016 as determined by an independent professional market valuation carried out by CBRE Limited is HK$3,500.0 million (£365.7 million). For the purpose of providing supplementary information, if the carrying value of the Group's hotel property was restated to its market value as at 31 December 2016, the adjusted net asset value and adjusted net asset value per share attributable to the Company's shareholders would be HK$15,397.3 million (£1,608.7 million) and HK$17.4 (181.8 pence) respectively.

Figures in Pounds Sterling are translated from Hong Kong dollars based upon the exchange rates prevailing on the latest practicable business day of the respective accounting years.

Operations

During the year ended 31 December 2016, the rental income from investment properties situated in Mainland China continue to provide stable returns to the Group. Crowne Plaza Hong Kong Causeway Bay's performance dropped compared to 2015, which was a result in line with the weaker hotel business market, and the one-trip-per-week policy and the depreciation of the yuan will continue to affect Hong Kong's attractiveness to Mainland China visitors.

The Group completed the sale of Dah Sing Financial Centre in May 2016. The sale realised a gain on disposal of HK$611.5 million (£63.9 million) and generated net cash after repayment of bank loans of approximately HK$8,019 million (approximately £837.8 million). The Board believes that the disposal of Dah Sing Financial Centre provided an optimum opportunity for the Company to realise cash and unlock the value of its investment in the property at fair market value.

The Group completed the sale of Kaifeng Nova City Project in April 2016. The sale realised a loss on disposal of HK$90.5 million (£9.5 million) and generated a net cash amount of approximately HK$889.1 million (£92.9 million) which is available for future investment into the Company's other development and investment projects and other potential real estate projects and as general working capital for the Group.

The Group completed the sale of Chengdu Nova City Project in August 2016. The sale realised a gain on disposal of HK$127.1 million (£13.3 million) and will in total generate a net cash amount of approximately HK$886.9 million (£92.7 million) which will be available for future investment into its other development and investment projects and other potential real estate projects and as general working capital for the Group, of which HK$445.0 million (£46.5 million) has been received to date with the balance due in August 2017.

On 7 November 2016, the Group entered into a sale and purchase agreement in relation to acquire the entire issued units in a trust that owns the property known as 20 Moorgate, London, EC2R 6DA at a total consideration of approximately £154.0 million. Completion of the acquisition took place on 7 November 2016.

For details of the Group's operations, please refer to the Executive Directors' Review.

Outlook

The global economy and political environment continue to be clouded with uncertainties and rapid changes, as a result of the decision by Britain to leave the European Union (Brexit), the new president of the United States of America, the recovery pace of the Eurozone economies, the strengthening of US dollar and the upward pressure on US interest rates. It is widely expected that market volatility will increase over time. The Group are closely monitoring the evolving market developments and has equipped itself to face the various challenges ahead by adopting a prudent and effective policy in managing risks.

China was able to achieve 6.7% GDP growth rate in 2016 by implementing a proactive fiscal policy and prudent monetary policy, which was within the Central Government's targeted range. Moreover, "The Belt and Road initiative" has continued to promote development and business co-operation among the participating regions and nations, which should benefit Hong Kong and China.

Special Dividend

The Board has declared a special cash dividend of HK$2.25 per common share for the year ended 31 December 2016 to shareholders of the Company whose names appear on the register of members of the Company at the close of business on Friday, 31 March 2017. The relevant dividend warrants are expected to be despatched on or before Thursday, 13 April 2017.

Dividend payments will be converted to Pound Sterling at the spot rates sourced from the Hong Kong Association of Banks on the ex-dividend date (i.e. Thursday, 30 March 2017) and paid to the shareholders on the payment date. Shareholders who elect to receive the special dividend in Hong Kong Dollars should notify the Company in writing at least 5 business days prior to the payment date.

Acknowledgement

The Board would like to take this opportunity to thank the executive and management team for the execution of the Board's strategy and their ongoing support.

Richard Prickett
Non-executive Chairman
Hong Kong, 17 March 2017

EXECUTIVE DIRECTORS' REVIEW

FINANCIAL SUMMARY

Turnover for the year ended 31 December 2016 amounted to HK$539.6 million (£56.4 million) (2015: HK$715.8 million (£62.3 million)). The turnover was principally attributable to the recognition of rental income from investment properties, revenue from hotel operations, the sales of residential units in Kaifeng Nova City and the income from financial investment.

Profit attributable to the Company's shareholders for the year amounted to HK$425.4 million (£44.4 million) (2015: HK$1,336.7 million (£116.4 million)), equivalent to a basic earnings per share of HK48.0 cents (5.0 pence) (2015: HK150.8 cents (13.1 pence)). The reported profit included a revaluation deficit on investment properties net of deferred taxation of HK$75.5 million (£7.9 million) (2015: revaluation surplus of HK$980.8 million (£85.4 million)). By excluding the net effect of such deficit, the Group's net profit attributable to the Company's shareholders was HK$500.9 million (£52.3 million) (2015: HK$355.9 million (£31.0 million)), equivalent to HK56.5 cents (5.9 pence) (2015: HK40.2 cents (3.5 pence)) per share.

As at 31 December 2016, the Group's equity attributable to the Company's shareholders amounted to HK$12,789.5 million (£1,336.3 million) (31 December 2015: HK$14,218.8 million (£1,238.1 million)). The net asset value per share attributable to the Company's shareholders as at 31 December 2016 was HK$14.4 (150.5 pence) as compared with HK$16.0 (139.3 pence) as at 31 December 2015.

For the Company's shareholders' information, figures in Pounds Sterling are translated from Hong Kong dollars based upon the exchange rates prevailing on the latest practicable business day of the respective accounting years and the relevant exchange rates adopted are stated as follows:

For 31 December 2016: £1 = HK$9.571
For 31 December 2015: £1 = HK$11.4841

BUSINESS REVIEW

Property Investment and Development

The Group continues to focus on property development and property investment projects. It is the Group's approach to review and optimise the project portfolios from time to time. The Group's core projects located in Hong Kong, United Kingdom and Mainland China are listed below.

Following the disposal of certain properties projects as summarized in these results, the Group principally owns one property in Hong Kong (Crowne Plaza Hong Kong Causeway Bay), one property in United Kingdom (20 Moorgate, London) and four properties in Mainland China (three investment properties and one property held for sales).

Hong Kong

The Group entered into an agreement in February 2016 to conditionally dispose of its entire interest in companies which beneficially owned the property of Dah Sing Financial Centre, for a consideration of approximately HK$10,000 million (approximately £1,044.8 million), subject to adjustment. The disposal was completed in May 2016 and generated a net cash consideration (after repayment of bank loans) of approximately HK$8,019 million (approximately £837.8 million).

United Kingdom

On 7 November 2016, the Group entered into a sale and purchase agreement in relation to acquire the entire issued units in a trust that owns the property known as 20 Moorgate, London, EC2R 6DA at a total consideration of approximately £154.0 million. The acquisition was funded by a £100 million five year term loan facility secured by a mortgage over the property and its existing cash resources. Completion of the acquisition took place on 7 November 2016.

The property is a seven-storey office with approximately 154,854 square feet (approximately 14,386.3 square metres) and is fully occupied mostly by the Prudential Regulatory Authority (a regulatory body of the Bank of England) until 30 June 2027. The property currently generates a net rental income of £6.8 million (approximately HK$65.1 million) per annum with the net yield of 4.4%.

Mainland China

Chengdu, Sichuan Province

During the year under review, the occupancy rate for the two 30-storey office towers of Plaza Central remained at a high level and its retail podium with a gross floor area of about 29,000 square metres is fully let principally to Chengdu New World Department Store on a long-term lease. As at 31 December 2016, the aggregate occupancy rate for the two office towers and the retail podium was approximately 79% (31 December 2015: 84%). Leasing activities for the remaining areas of Plaza Central continue.

The shopping arcade of New Century Plaza with a gross floor area of about 16,300 square metres is fully let to a hotel on a long-term lease.

On 22 August 2016, the Group entered into a sale and purchase agreement in relation to the disposal of Chengdu Nova City Project for a consideration of HK$890 million (£93.0 million) in cash. Completion of the disposal took place on 29 August 2016, of which HK$445 million has been received to date with the balance due in August 2017.

Kaifeng, Henan Province

On 19 April 2016, the Group entered into a sale and purchase agreement in relation to the disposal of Kaifeng Nova City Project for a consideration of HK$900 million (£94.0 million) in cash. Completion of the disposal took place on 26 April 2016.

Guangzhou, Guangdong Province

As at 31 December 2016, the occupancy rate of the 14-storey office tower of Westmin Plaza Phase II of about 16,100 square metres was 95% with more than one-third of the total office space being leased to AIA (31 December 2015: 100%). Leasing activities for the 3-storey shopping arcade of Westmin Plaza Phase II with a total gross floor area of about 26,400 square metres are in progress.

Huangshan, Anhui Province

On 3 August 2016, the Group entered into a sale and purchase agreement with an independent third party to sell the entire interest in companies which beneficially own the properties under development in Huangshan City, Anhui Province, the PRC, for a consideration of HK$2 million (£0.2 million). The disposal was completed on the same date.

Hotel Operation

Crowne Plaza Hong Kong Causeway Bay is a 29-storey five-star hotel comprising 263 guest rooms with ancillary facilities and is managed by the InterContinental Hotels Group. The Group's hotel property is stated at cost less accumulated depreciation charges at carrying value of HK$892.2 million (£93.2 million), whereas their fair values as at 31 December 2016 based on an independent professional market valuation carried out by CBRE Limited is HK$3,500.0 million (£365.7 million). Its performance steadied compared to 2015, which was a result in line with the weakening hotel business market. The hotel will strive to gain further market share and look for cost saving measures in the challenging market conditions.

WORKING CAPITAL AND LOAN FACILITIES

As at 31 December 2016, the Group's total cash balance was HK$9,778.9 million (£1,021.7 million) (31 December 2015: HK$3,671.2 million (£319.7 million)) and unutilised facilities were HK$627.4 million (£65.6 million) (31 December 2015: HK$370.2 million (£32.2 million)).

As at 31 December 2016, after netting off bank borrowings of HK$3,458.6 million (£361.3 million), the Group had a net cash position of HK$6,320.3 million (£660.4 million), compared to a net debt position of HK$342.3 million (£29.8 million) with gearing ratio of 2.3% as at 31 December 2015.

As at 31 December 2016, the maturity of the Group's outstanding borrowings was as follows:

	31 December 2016 HK$' million	31 December 2015 HK$' million
Due		
Within 1 year	**1,467.8**	1,136.2
1-2 years	**97.6**	164.1
3-5 years	**1,887.1**	1,795.8
Over 5 years	**23.5**	939.5
	3,476.0	4,035.6
Less: Front-end fee	**(17.4)**	(22.1)
	3,458.6	4,013.5

Pledge of Assets

For the Company's subsidiaries operating in Hong Kong, United Kingdom and Mainland China, the total bank loans drawn as at 31 December 2016 amounted to HK$3,476.0 million (£363.2 million) (31 December 2015: HK$4,035.6 million (£351.4 million)) which comprised secured bank loans of HK$3,396.0 million (£354.8 million) and unsecured bank loans of HK$80.0 million (£8.4 million) (31 December 2015: secured bank loans of HK$4,035.6 million (£351.4 million)). The secured bank loans were secured by properties valued at HK$3,747.0 million (£391.5 million), listed debt securities of HK$882.1 million (£92.2 million), pledged cash of HK$533.1 million (£55.7 million) and note receivables of HK$54.3 million (£5.7 million) (31 December 2015: properties valued at HK$12,237.5 million (£1,065.6 million) and note receivables of HK$54.3 million (£4.7 million)).

Treasury Policies

The Group adheres to prudent treasury policies. As at 31 December 2016, all of the Group's borrowings were raised through its wholly-owned or substantially controlled subsidiaries on a non-recourse basis.

International Financial Reporting Standards ("IFRS")

The Group has adopted IFRS and the audited Consolidated financial statements accompanying this Review have been prepared in accordance with IFRS.

OUTLOOK

The Hong Kong economy picked up slightly in the third quarter of 2016 with GDP up by 1.9% year-on-year, an improvement relative to the 1.7% year-on-year growth in the preceding quarter. As one of the international financial centers in the world, Hong Kong will inevitably be affected by global economic factors. The growth of the Hong Kong economy will be dominated by Mainland China's policy and performance and the pace of US interest rate hikes.

Mainland China buyers were active in Hong Kong's property market in 2016 given ongoing depreciation of the renminbi and shrinking profits in the Mainland, and these buyers are expected to continue to invest in the local Hong Kong property market. We have noted signs of a pick-up in the primary sales market and a sustained increase in residential prices. We therefore expect a highly competitive land sales market in the near term will remain.

Amid an uncertain global economy and a strong Hong Kong dollar, the tourism in Hong Kong is expected to remain weak. The one-trip-per-week policy and the depreciation of the yuan will continue to affect the number of Mainland China visitors. With the challenging hotel business environment in Hong Kong, Crown Plaza Causeway Bay was able to maintain the market share among the primary competitors. We will continue to strive for market share, improve hotel operation's efficiency and at the same time look for cost saving measures, so as to maintain the return of the operations.

The Group's office properties in Mainland China are facing a challenging environment arising from increasing supply and depreciation of RMB. Having said that, our office properties in Mainland China have been maintaining a relatively high occupancy rate and rent as compared with the market and provides stable cash flows to the Group. We will continue to build on the strong foundation of our leasing portfolio, execute an effective leasing strategy and add value on our properties through asset enhancement initiative.

As for the office market in the UK, despite global political events of the past year with more European elections to come, the attractiveness of properties in London with prime location still remain, given the deprecation of sterling, a low interest rate environment and stable income and cash flows generated from long leases with tenants.

The Group has significant funds for future investments after the disposal of Dah Sing Financial Centre and various Mainland China property development projects in prior year. The Group will remain sceptically proactive and continue to monitor the property markets of Hong Kong, Mainland China and overseas closely in order to identify potential acquisition targets at opportune times.

On behalf of the Executive Directors

Lu Wing Chi
Executive Director
Hong Kong, 17 March 2017

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 DECEMBER 2016

	NOTES	**2016**	2015
		HK$'000	*HK$'000*
Revenue	*7*	**539,643**	715,770
Other income	*8*	**17,435**	52,270
Costs:			
Property and related costs	*9*	**(41,480)**	(136,268)
Staff costs		**(89,026)**	(84,266)
Depreciation and amortisation		**(47,040)**	(77,242)
Other expenses		**(313,756)**	(420,280)
		(491,302)	(718,056)
Profit from operations before fair value changes on investment properties		**65,776**	49,984
Fair value changes on investment properties		**(100,671)**	949,107
(Loss) profit from operations after fair value changes on investment properties		**(34,895)**	999,091
Other gains and losses	*11*	**334,398**	431,826
Finance costs	*12*	**(78,562)**	(109,504)
Profit before taxation	*13*	**220,941**	1,321,413
Income tax credit	*15*	**80,031**	4,765
Profit for the year		**300,972**	1,326,178
Attributable to:			
Company's shareholders		**425,378**	1,336,728
Non-controlling interests		**(124,406)**	(10,550)
		300,972	1,326,178
		HK cents	HK cents
Earnings per share for profit attributable to the Company's shareholders - Basic	*16*	**48.0**	150.8
Earnings per share excluding fair value changes on investment properties net of deferred tax - Basic	*16*	***56.5***	*40.2*

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2016

	2016	2015
	HK$'000	*HK$'000*
Profit for the year	**300,972**	1,326,178
Other comprehensive (expense) income:		
Items that may be subsequently reclassified to profit or loss:		
Fair value loss on available-for-sale investments	**(6,551)**	-
Exchange differences arising on translation of foreign operations	**(162,989)**	(268,641)
Reclassification adjustments for amounts transferred to profit or loss:		
- upon disposal of subsidiaries (notes 42(b),(c) and (d))	**1,848**	-
Other comprehensive expense for the year	**(167,692)**	(268,641)
Total comprehensive income for the year	**133,280**	1,057,537
Total comprehensive income attributable to:		
Company's shareholders	**254,816**	1,070,630
Non-controlling interests	**(121,536)**	(13,093)
	133,280	1,057,537

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016

	NOTES	**2016**	2015
		HK$'000	*HK$'000*
Non-current assets			
Investment properties	*18*	**3,445,337**	11,169,317
Property, plant and equipment	*19*	**951,687**	1,386,227
Properties for development	*20*	**-**	1,200,180
Loan receivables	*21*	**3,160**	3,789
Note receivables	*22*	**38,773**	54,256
Other receivables	*23*	**-**	361,114
Available-for-sale investments	*24*	**1,253,243**	11,648
Restricted bank deposits	*25*	**5,589**	5,613
		5,697,789	14,192,144
Current assets			
Properties held for sale			
Completed properties		**423,061**	873,987
Properties under development	*26*	**-**	231,667
Inventories		**1,196**	1,251
Loan receivables	*21*	**376**	371
Note receivables	*22*	**15,509**	-
Available-for-sale investments	*24*	**137,204**	-
Receivables, deposits and prepayments	*27*	**585,379**	125,844
Tax recoverable		**3,088**	17,782
Amounts due from non-controlling interests	*28*	**38**	-
Pledged bank deposits	*25*	**533,105**	-
Bank balances and cash	*29*	**9,240,168**	3,665,582
		10,939,124	4,916,484
Current liabilities			
Payables, rental deposits and accrued charges	*30*	**157,629**	370,719
Sales deposits		**-**	13,064
Tax liabilities		**7,424**	82,675
Amounts due to non-controlling interests	*28*	**87,754**	93,696
Bank borrowings - due within one year	*31*	**1,464,928**	1,133,781
		1,717,735	1,693,935
Net current assets		**9,221,389**	3,222,549
Total assets less current liabilities		**14,919,178**	17,414,693

	NOTES	**2016**	2015
		HK$'000	*HK$'000*
Capital and reserves			
Share capital	32	**345,204**	345,204
Reserves		**12,444,309**	13,873,554
Equity attributable to the Company's shareholders		**12,789,513**	14,218,758
Non-controlling interests		**(80,244)**	41,639
Total equity		**12,709,269**	14,260,397
Non-current liabilities			
Bank borrowings - due after one year	31	**1,993,705**	2,879,704
Deferred taxation	33	**216,204**	274,592
		2,209,909	3,154,296
Total equity and non-current liabilities		**14,919,178**	17,414,693

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2016

	Attributable to the Company's shareholders									
	Share capital	**Share Premium**	**Contributed Surplus**	**Translation Reserve**	**Other Reserves**	**Investment Revaluation Reserves**	**Retained Profits**	**Total**	**Non-Controlling Interests**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
			(note iii)		(note i)				(note ii)	
At 1 January 2015	345,204	4,836,225	-	513,997	766,370	-	6,686,332	13,148,128	55,540	13,203,668
Profit for the year	-	-	-	-	-	-	1,336,728	1,336,728	(10,550)	1,326,178
Exchange differences arising on translation of foreign operations	-	-	-	(266,098)	-	-	-	(266,098)	(2,543)	(268,641)
Other comprehensive expense for the year	-	-	-	(266,098)	-	-	-	(266,098)	(2,543)	(268,641)
Total comprehensive income for the year	-	-	-	(266,098)	-	-	1,336,728	1,070,630	(13,093)	1,057,537
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	(808)	(808)
At 31 December 2015	345,204	4,836,225	-	247,899	766,370	-	8,023,060	14,218,758	41,639	14,260,397
Profit for the year	-	-	-	-	-	-	425,378	425,378	(124,406)	300,972
Exchange differences arising on translation of foreign operations	-	-	-	(165,859)	-	-	-	(165,859)	2,870	(162,989)
Disposal of subsidiaries	-	-	-	1,848	(504,822)	-	504,822	1,848	-	1,848
Fair value change on available-for-sale investments	-	-	-	-	-	(6,551)	-	(6,551)	-	(6,551)
Other comprehensive (expense) income for the year	-	-	-	(164,011)	(504,822)	(6,551)	504,822	(170,562)	2,870	(167,692)
Total comprehensive (expense) income for the year	-	-	-	(164,011)	(504,822)	(6,551)	930,200	254,816	(121,536)	133,280
Transfer from share premium to contribution surplus	-	(4,836,225)	4,836,225	-	-	-	-	-	-	-
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	(347)	(347)
Dividend paid	-	-	-	-	-	-	(1,684,061)	(1,684,061)	-	(1,684,061)
At 31 December 2016	**345,204**	**-**	**4,836,225**	**83,888**	**261,548**	**(6,551)**	**7,269,199**	**12,789,513**	**(80,244)**	**12,709,269**

Notes:

(i) Other reserves comprise (i) a discount on acquisition/assumption of certain assets and liabilities from the intermediate holding company, S E A Holdings Limited ("SEA"), and the excess of the consideration over the market closing price of the shares issued for the acquisition. The amounts attributable to those assets and liabilities derecognised in subsequent years will be transferred to retained profits; and (ii) the excess of the consideration paid for acquisition of additional interest in a subsidiary from non-controlling interests over the carrying amount of non-controlling interests acquired.

(ii) Based on the cooperation agreement, profit and loss of the subsidiaries should be shared by the Group and the counterparties in proportion to the capital contribution of respective parties. Thus, the deficit balance represents the losses attributable to the non-controlling interest.

(iii) Pursuant to a special resolution passed on 10 November 2016, the Company has changed its domicile from the British Virgin Islands to Bermuda with effect from 5 December 2016. The balance of approximately HK$4,836 million, which was formerly known as "Share Premium" has been transferred to "Contributed Surplus" under the Laws of Bermuda, Amended Bye-laws and the Companies Act.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2016

	NOTES	**2016**	2015
		HK$'000	*HK$'000*
Operating activities			
Profit before taxation		**220,941**	1,321,413
Adjustments for:			
Interest expenses		**71,610**	100,071
Depreciation and amortisation		**47,040**	77,242
Fair value changes on investment properties		**100,671**	(949,107)
Write off of bad debts from tenants		**14,115**	-
Write off of other receivables		**353,127**	-
Reversal of relocation costs		**(71,721)**	-
Fair value adjustment on other receivables		**-**	7,521
Gain on disposal of subsidiaries		**(615,804)**	(431,826)
Write-down of properties held for sales		**-**	2,418
Interest income		**(5,169)**	(23,552)
Loss on disposal of property, plant and equipment		**41**	32
Operating cash flows before movements in working capital		**114,851**	104,212
Decrease (increase) in properties held for sale		**195**	(311,800)
Decrease in inventories		**55**	82
(Increase) decrease in receivables, deposits and prepayments		**(56,959)**	16,991
Decrease in guaranteed bank balances		**3,094**	31,374
Increase in payables, rental deposits and accrued charges		**151,128**	69,960
Increase (decrease) in sales deposits		**4,507**	(49,531)
Cash generated from (used in) operations		**216,871**	(138,712)
Interest paid		**(82,364)**	(92,871)
Tax paid		**(4,093)**	(50,788)
Net cash from (used in) operating activities		**130,414**	(282,371)
Investing activities			
Acquisition of and additional costs on properties for development		**(45,759)**	(51,285)
Interest received		**7,605**	24,379
Decrease in loan receivables		**624**	320
Increase in fixed deposits		**(4,460,201)**	(364,048)
Increase in restricted bank deposits		**(347)**	-
Increase in pledged bank deposits		**(533,105)**	-
Restricted bank deposits refunded		**-**	370
Fixed deposits refunded		**364,048**	309,380
Purchase of investment properties	*41*	**(1,505,213)**	-
Purchase of property, plant and equipment		**(1,840)**	(2,156)
Net proceeds received on disposals of property, plant and equipment		**-**	18
Purchase of available-for-sale investments		**(1,387,803)**	(3,884)
Net consideration received on disposal of subsidiaries	*42*	**10,995,075**	1,382,500
Net cash from investing activities		**3,433,084**	1,295,594

	NOTES	2016	2015
		HK$'000	*HK$'000*
Financing activities			
Draw down of bank loans		**2,324,015**	1,278,032
Repayments of bank loans		**(2,695,024)**	(1,240,302)
Payment of front-end fee		**(9,716)**	(7,000)
Advances to non-controlling interests		**(38)**	-
Repayments from non-controlling interests		**-**	70
Dividends paid to non-controlling interests		**(347)**	(808)
Dividend paid		**(1,684,061)**	-
Net cash (used in) from financing activities		**(2,065,171)**	29,992
Net increase in cash and cash equivalents		**1,498,327**	1,043,215
Cash and cash equivalents at beginning of the year		**3,298,440**	2,296,618
Effect of foreign exchange rate changes		**(16,800)**	(41,393)
Cash and cash equivalents at end of the year		**4,779,967**	3,298,440
Represented by:			
Bank balances and cash	*29*	**9,240,168**	3,665,582
Less: Fixed deposits with original maturity date more than 3 months and not exceeding 1 year		**(4,460,201)**	(364,048)
Less: Guarantee bank balances		**-**	(3,094)
		4,779,967	3,298,440

1. GENERAL

The Company is a public company incorporated in the British Virgin Islands ("B.V.I.") and migrated to Bermuda on 5 December 2016 with limited liability and its shares are admitted for trading on the AIM Market of The London Stock Exchange plc. ("AIM Market"). The Company's immediate holding company is Charm Action Holdings Limited, a company incorporated in the B.V.I.. One of the Company's intermediate holding companies is SEA, the shares of which are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The directors of the Company consider that the Company's ultimate holding company is JCS Limited. Both SEA and JCS Limited are companies incorporated in Bermuda as exempted companies with limited liability. The addresses of the registered office and principal place of business of the Company are Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and 25th Floor, Dah Sing Financial Centre, 108 Gloucester Road, Wanchai, Hong Kong, respectively.

The consolidated financial statements are presented in Hong Kong dollars, which is the functional currency of the Company.

The Company acts as an investment holding company. The activities of its principal subsidiaries are set out in note 43.

2. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs")

The Group has applied the following new and amendments to IFRSs issued by the International Accounting Standards Board (the "IASB") and the IFRS Interpretations Committee of IASB for the first time in the current year:

Amendments to IFRS 11	Accounting for Acquisitions of Interests in Joint Operations
Amendments to IAS 1	Disclosure Initiative
Amendments to IAS 16 and IAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to IFRSs	Annual Improvements to IFRSs 2012 - 2014 Cycle
Amendments to IAS 16 and IAS 41	Agriculture: Bearer Plants
Amendments to IFRS 10, IFRS 12 and IAS 28	Investment Entities: Applying the Consolidation Exception

The application of the new and amendments to IFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

2. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") - continued

New and amendments to IFRSs issued but not yet effective

IFRS 9	Financial Instruments[1]
IFRS 15	Revenue from Contracts with Customers[1]
IFRS 16	Leases[2]
IFRIC 22	Foreign Currency Transactions and Advance Consideration[1]
Amendments to IFRS 2	Classification and Measurement of Share-based Payment Transactions[1]
Amendments to IFRS 4	Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts[1]
Amendments to IFRS 15	Clarifications to IFRS 15 Revenue from Contracts with Customers[1]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to IAS 7	Disclosure Initiative[4]
Amendments to IAS 12	Recognition of Deferred Tax Assets for Unrealised Losses[4]
Amendments to IAS 40	Transfers of Investment Property[1]
Amendments to IFRSs	Annual Improvements to IFRS Standards 2014 - 2016 Cycle[5]

1 Effective for annual periods beginning on or after 1 January 2018
2 Effective for annual periods beginning on or after 1 January 2019
3 Effective for annual periods beginning on or after a date to be determined
4 Effective for annual periods beginning on or after 1 January 2017
5 Effective for annual periods beginning on or after 1 January 2017 or 1 January 2018, as appropriate

The directors of the Company expect that the application of the new and amendments to IFRS that were issued but not yet effective will have no material impact on the results and financial position of the Group. However, those which may be relevant to the Group's consolidated financial statements are disclosed as below.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 *Revenue*, IAS 11 *Construction Contracts* and the related interpretations when it becomes effective.

The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition.

The directors of the Company anticipate that the application of IFRS 15 in the future may result in more disclosures, however, the directors of the Company do not anticipate that the application of IFRS 15 will have a material impact on the timing and amounts of revenue recognised in the respective reporting periods.

2. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") - continued

IFRS 9 *Financial Instruments*

IFRS 9 introduces new requirements for the classification and measurement of financial assets, financial liabilities, general hedge accounting and impairment requirements for financial assets.

Key requirements of IFRS 9 are described below:

- All recognised financial assets that are within the scope of IAS 39 *Financial Instruments: Recognition and Measurement* are subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under IAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss is presented in profit or loss.

- In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

- The new general hedge accounting requirements retain the three types of hedge accounting. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The directors of the Company do not anticipate that the application of IFRS 9 in future may have a material impact on amounts reported in respect of the Group's financial assets and financial liabilities.

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared on the historical cost basis except for investment properties, available-for-sale investments and derivative financial instruments, which are measured at fair values, as explained in the accounting policies set out below. Historical cost is generally based on the fair value of the consideration given in exchange for goods.

The consolidated financial statements have been prepared in accordance with IFRSs as issued by the IASB.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

<u>Going concern</u>

The directors of the Company have, at the time of approving the financial statements, a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. On this basis, they continue to adopt the going concern basis of accounting in preparing the financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES - continued

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Changes in the Group's ownership interests in existing subsidiaries

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary attributable to owners of the Company. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

3. SIGNIFICANT ACCOUNTING POLICIES - continued

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Revenue is recognised when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the Group and when specific criteria have been met for each of the Group's activities, as described below.

Revenue from sale of properties in the ordinary course of business is recognised when the respective properties have been completed and delivered to the buyers. Deposits and instalments received from purchasers prior to meeting the revenue recognition criteria are included in the consolidated statement of financial position under the heading of sales deposits.

Hotel operation and other service income are recognised when services are provided.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

The Group's policy for recognition of revenue from operating leases is described in the accounting policy below.

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at their fair values. All of the Group's property interests held under operating leases to earn rentals or for capital appreciation purposes are classified and accounted for as investment properties and are measured using the fair value model. Gains or losses arising from changes in the fair value of investment properties are included in profit or loss for the period in which they arise.

If an investment property becomes property, plant and equipment because its use has changed as evidenced by the commencement of owner-occupation, any difference between the carrying amount and the fair value of the property at the date of transfer is recognised in profit or loss. Subsequent to the transfer, the property is stated at deemed cost, equivalent to the fair value at the date of transfer, less subsequent accumulated depreciation and accumulated impairment losses.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss in the period in which the item is derecognised.

3. SIGNIFICANT ACCOUNTING POLICIES - continued

Property, plant and equipment

Leasehold land and building held for use in the supply of services, or for administrative purpose and other property, plant and equipment other than crockery, utensils and linen are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of items of property, plant and equipment, other than crockery, utensils and linen, less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Initial expenditure incurred for crockery, utensils and linen is capitalised and no depreciation is provided thereon. The cost of subsequent replacement for these items is recognised in profit or loss when incurred.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Properties for development

Properties for development represents consideration and other direct costs for acquisition of leasehold interest in land held for future development.

Properties for development are stated at cost and amortised to profit or loss on a straight-line basis over the term of the relevant lease until the commencement of development, upon which the remaining carrying value of the properties will be transferred to the appropriate categories according to management's intention of use of the properties after completion of development.

When leasehold land is intended for sale in the ordinary course of business after completion of development, the leasehold land component is included within the carrying amount of the properties and is classified under current assets.

3. SIGNIFICANT ACCOUNTING POLICIES - continued

Inventories

Properties held for sale

Completed properties for sale in the ordinary course of business are stated at the lower of cost and net realisable value. Net realisable value is determined by reference to estimated selling price less selling expenses.

Properties for or under development intended for sale after completion of development are stated at the lower of cost and net realisable value. Net realisable value is determined by reference to estimated selling price less anticipated costs to completion of the development and costs to be incurred in marketing and selling the completed properties.

Cost of properties comprises land cost, development costs and other direct costs attributable to the development and borrowing costs capitalised during the development period that have been incurred in bringing the properties to their present condition.

Inventories

Inventories comprising food and beverage are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average method.

Impairment of assets

At the end of the reporting period, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

3. SIGNIFICANT ACCOUNTING POLICIES - continued

Financial assets

The Group's financial assets are classified as either loans and receivables or available-for-sale ("AFS"). The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including loan receivables, note receivables, other receivables, restricted bank deposits, receivables, amounts due from non-controlling interests, bank deposits and cash) are measured at amortised cost using the effective interest method, less any impairment.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis.

AFS financial assets

AFS financial assets are non-derivatives that are either designated as available-for-sale or are not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at fair value through profit or loss. The Group designated certain debt investments as set out in note 24 as available-for-sale investments.

Equity and debt securities held by the Group that are classified as AFS financial assets and are traded in an active market are measured at fair value at the end of each reporting period. Changes in the carrying amount of AFS monetary financial assets relating to interest income calculated using the effective interest method, and changes in foreign exchange rates, if applicable are recognised in profit or loss. Dividends on AFS equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established. Other changes in the carrying amount of AFS financial assets are recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. When the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss (see the accounting policy in respect of impairment loss on financial assets below).

AFS equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity investments are measured at cost less any identified impairment losses at the end of each reporting period (see the accounting policy in respect of impairment of financial assets below).

3. SIGNIFICANT ACCOUNTING POLICIES - continued

Financial instruments - continued

Financial assets - continued

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

For AFS equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest and principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets that are carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. The impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of loan receivables, other receivables and trade receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

Financial instruments - continued

Financial assets - continued

Impairment of financial assets - continued

For financial assets that are carried at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of AFS equity securities, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income and accumulated under the heading of investment revaluation reserve. In respect of AFS debt investments, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

Financial liabilities and equity instruments

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a group entity are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

Financial liabilities including payables, amounts due to non-controlling interests and bank borrowings are subsequently measured at amortised cost, using the effective interest method.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. Interest expense is recognised on an effective interest basis.

3. SIGNIFICANT ACCOUNTING POLICIES - continued

Financial instruments - continued

Financial guarantee liabilities

Financial guarantee liabilities are recognised in respect of the financial guarantee provided by the Group for the property purchasers. Financial guarantee liabilities are recognised initially at fair value that are directly attributable to the issue of the financial guarantee liabilities. After initial recognition, such liabilities are measured at the higher of the present value of the best estimate of the expenditure required to settle the present obligation and the amount initially recognised less cumulative amortisation.

Financial guarantee liabilities are derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expired.

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset.

The Group as lessee

Rentals payable under operating leases are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

3. SIGNIFICANT ACCOUNTING POLICIES - continued

Leasing - continued

Leasehold land and building

When a lease includes both land and building elements, the Group assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group, unless it is clear that both elements are operating leases in which case the entire lease is classified as an operating lease. Specifically, the minimum lease payments (including any lump-sum upfront payments) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

To the extent the allocation of the lease payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as "prepaid lease payments" in the consolidated statement of financial position and is amortised over the lease term on a straight-line basis except for those that are classified and accounted for as investment properties under the fair value model.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on settlement of monetary items, and on the retranslation of monetary items are recognised in profit or loss in the period in which they arise except for exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on disposal or partial disposal of the Group’s interests.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group’s operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve (attributed to non-controlling interests as appropriate).

3. SIGNIFICANT ACCOUNTING POLICIES - continued

Share-based payment arrangements

Equity-settled share-based payment transactions

Share options granted to employees

Equity-settled share-based payments to employees are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 37 to the Group's consolidation financial statements.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share options reserve). At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

When share options are exercised, the amount previously recognised in share options reserve will be transferred to equity. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share options reserve will be transferred to retained profits. For share option granted by the holding company to the Group's employee, a liability is recognised for the options granted which are measured initially at the fair value of the liability. At the end of each reporting period until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognised in profit or loss for the year.

Retirement benefit costs

Payments to defined contribution retirement benefit plans, including state-managed retirement benefit scheme and the Mandatory Provident Fund Scheme, are charged as an expense when employees have rendered service entitling them to the contributions.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from "profit before taxation" as reported in the consolidated statement of profit or loss because of income or expenses that are taxable or deductible in other years and items that are never taxable or deductible. The Group's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

3. SIGNIFICANT ACCOUNTING POLICIES - continued

Taxation - continued

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3. SIGNIFICANT ACCOUNTING POLICIES - continued

Taxation - continued

For the purposes of measuring deferred taxes for investment properties that are measured using the fair value model, the carrying amount of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

Current and deferred tax is recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Provision

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies which are described in note 3, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that management has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY - continued

Critical judgements in applying accounting policies - continued

Deferred tax

For the purposes of measuring deferred tax liabilities or deferred tax assets arising from investment properties that are measured using the fair value model, the directors of the Company have determined that the Group's investment properties situated in the United Kingdom ("UK") are held under a business model whose objective is to recover the value through sale rather than to consume substantially all of the economic benefits embodied in the investment properties over time, whereas those situated in the People's Republic of China ("PRC") are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Therefore, the presumption that the carrying amounts of investment properties are recovered entirely through sale is not rebutted for properties situated in the UK. As a result, the Group has not recognised any deferred taxes on changes in fair value of the Group's investment properties situated in the UK as the Group is not subject to any income taxes on disposal of those investment properties. The presumption that the carrying amounts of the Group's investment properties situated in the PRC are recovered entirely through sale has been rebutted and the deferred tax on the changes in fair value of those investment properties is recognised according to the relevant tax rules.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Income tax

No deferred tax asset has been recognised in respect of tax losses of HK$36,901,000 (2015: HK$66,639,000) as it is not probable that taxable profit will be available due to the unpredictability of future profit streams. The realisability of the deferred tax asset mainly depends on whether sufficient future profits will be available in the future. In cases where the actual future profits generated are more than expected, additional recognition of deferred tax assets may arise, which would be recognised in the consolidated statement of profit or loss for the period in which it takes place.

Fair value of investment properties

Investment properties with a carrying amount of HK$3,445,337,000 (2015: HK$11,169,317,000) are stated at fair value based on the valuation performed by independent qualified external valuers. In determining the fair value, the valuers have used a method of valuation which involves certain assumptions of market conditions. In relying on the valuation report or making their own valuation, the directors of the Company have exercised their judgment and are satisfied that the method of valuation is reflective of the current market conditions.

5. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balances. The Group's overall strategy remains unchanged from the prior year.

The capital structure of the Group consists of net cash (debt), which includes bank borrowings net of bank deposits, and bank balances and cash, and equity attributable to the Company's shareholders, comprising issued share capital, retained profits and reserves.

The directors of the Company review the capital structure periodically and maintain a low gearing. The Group's percentage of net cash (debt) to the carrying value of properties (comprising investment properties, properties included in property, plant and equipment, properties for development and properties held for sale) at the end of the reporting period is as follows:

	2016	2015
	HK$'000	*HK$'000*
Bank balances and cash	**9,240,168**	3,665,582
Pledged bank deposits	**533,105**	-
Restricted bank deposits	**5,589**	5,613
Bank borrowings	**(3,458,633)**	(4,013,485)
Net cash (debt)	**6,320,229**	(342,290)
Total carrying value of properties	**4,799,420**	14,832,503
Percentage of net debt to carrying value of properties	**Net cash**	2.3%

6. SEGMENT INFORMATION

Information reported to the executive directors of the Company, being the chief operating decision makers ("CODM"), for the purposes of resource allocation and assessment of segment performance is mainly focused on the property development, property investment and hotel operation. No operating segments identified by the CODM have been aggregated in arriving at the reportable segments of the Group.

The Group disposed of certain property development projects in the PRC during the year as set out in notes 42(b), (c) and (d).

Property investment activity is in the PRC and the United Kingdom ("UK"). The Group has acquired an investment property in the United Kingdom ("UK") as set out in note 41 and disposed of an investment property in Hong Kong as set out in note 42 (a) during the year.

The hotel operation is in Hong Kong.

During the year, a new operating segment - financial investment - has been established. The directors of the Company are seeking potential investment opportunities for their investment portfolio, consisting mainly of investment in debt and/or equity investments and bank deposits. The investment income from the investment portfolio will be included in the financial investment segment.

6. SEGMENT INFORMATION - continued

The following is an analysis of the Group's revenue and results by reportable segment:

Segment revenues and results

For the year ended 31 December 2016

	Property Development *HK$'000*	**Property Investment** *HK$'000*	**Hotel Operation** *HK$'000*	**Financial Investment** *HK$'000*	**Consolidated** *HK$'000*
SEGMENT REVENUE					
External revenue	**9,281**	**240,293**	**228,985**	**61,084**	**539,643**
SEGMENT RESULTS					
Segment (loss) profit	**(382,864)**	**609,021**	**34,511**	**52,407**	**313,075**
Unallocated interest income					**5,169**
Corporate income less expenses					**(18,741)**
Finance costs					**(78,562)**
Profit before taxation					**220,941**

For the year ended 31 December 2015

	Property Development *HK$'000*	Property Investment *HK$'000*	Hotel Operation *HK$'000*	Consolidated *HK$'000*
SEGMENT REVENUE				
External revenue	94,285	392,062	229,423	715,770
SEGMENT RESULTS				
Segment profit	239,914	1,160,651	16,049	1,416,614
Interest income				23,552
Corporate income less expenses				(9,249)
Finance costs				(109,504)
Profit before taxation				1,321,413

The Group does not allocate general interest income, corporate income less expenses and finance costs to individual reportable segment profit or loss for the purposes of resource allocation and performance assessment by the CODM.

The accounting policies adopted in preparing the reportable segment information are the same as the Group's accounting policies described in note 3.

6. SEGMENT INFORMATION - continued

Other segment profit or loss information

The following charges (credits) are included in the measurement of segment profit or loss:

For the year ended 31 December 2016

	Property Development *HK$'000*	**Property Investment** *HK$'000*	**Hotel Operation** *HK$'000*	**Financial Investment** *HK$'000*	**Consolidated** *HK$'000*
Amortisation and depreciation					
- Properties for development	**6,472**	**-**	**-**	**-**	**6,472**
- Depreciation of property, plant and equipment	**376**	**8,026**	**32,166**	**-**	**40,568**
Fair value changes on investment properties	**-**	**100,671**	**-**	**-**	**100,671**
Write off of bad debts from tenants	**-**	**14,115**	**-**	**-**	**14,115**
Write off of other receivables	**353,127**	**-**	**-**	**-**	**353,127**
Reversal of relocation costs	**(71,721)**	**-**	**-**	**-**	**(71,721)**
Gain on disposal of subsidiaries	**(4,305)**	**(611,499)**	**-**	**-**	**(615,804)**
Loss on disposal of property, plant and equipment	**-**	**17**	**24**	**-**	**41**

For the year ended 31 December 2015

	Property Development *HK$'000*	Property Investment *HK$'000*	Hotel Operation *HK$'000*	Consolidated *HK$'000*
Amortisation and depreciation				
- Properties for development	27,488	-	-	27,488
- Depreciation of property, plant and equipment	1,378	16,224	32,152	49,754
Fair value changes on investment properties	-	(949,107)	-	(949,107)
Fair value adjustment on other receivables	7,521	-	-	7,521
Gain on disposal of subsidiaries	(431,826)	-	-	(431,826)
Loss on disposal of property, plant and equipment	-	32	-	32

No segment asset and segment liabilities are presented as the information is not reported to the CODM in the resource allocation and assessment of performance.

6. SEGMENT INFORMATION - continued

Geographical information

The Group operates in three principal geographical areas, being Hong Kong (country of domicile), the PRC and the UK.

The Group's revenue from external customers by the geographical location of its properties or the principal place of business of the Company is detailed below.

	2016	2015
	HK$'000	*HK$'000*
Hong Kong	**396,211**	481,857
PRC	**131,645**	233,913
UK	**11,787**	-
	539,643	715,770

No single customer contributes over 10% of the total revenue of the Group for both years.

The Group's information about its non-current assets, excluding financial assets, by geographical location are detailed below.

	2016	2015
	HK$'000	*HK$'000*
Hong Kong	**910,613**	10,319,411
PRC	**1,992,312**	3,436,313
UK	**1,494,099**	-
	4,397,024	13,755,724

The total assets of the Group by geographical location which is determined by reference to the location of the asset or the principal place of business of the Company are detailed below.

	2016	2015
	HK$'000	*HK$'000*
Hong Kong	**12,028,650**	13,354,478
PRC	**3,090,200**	5,754,150
UK	**1,518,063**	-
	16,636,913	19,108,628

7. REVENUE

The following is an analysis of the Group's revenue from its major business activities.

	2016	2015
	HK$'000	*HK$'000*
Sale of properties	**9,281**	94,285
Renting of investment properties	**240,293**	392,062
Hotel operation	**228,985**	229,423
Financial investment	**61,084**	-
	539,643	715,770

8. OTHER INCOME

	2016	2015
	HK$'000	*HK$'000*
Included in other income is:		
Rental income from properties held for sale temporarily leased	**7,126**	6,114
Interest earned on bank deposits	**4,935**	23,252

9. PROPERTY AND RELATED COSTS

	2016	2015
	HK$'000	*HK$'000*
Cost of properties sold	**5,436**	76,699
Selling and marketing expenses	**2,917**	9,909
Write down of properties held for sale	**-**	2,418
Direct operating expenses on investment properties	**33,127**	47,242
	41,480	136,268

10. OTHER EXPENSES

	2016	2015
	HK$'000	*HK$'000*
Included in other expenses are:		
Management fees paid to a related company (note 39)	**188,174**	272,611
Less: Amount capitalised to property development project	**-**	(7,389)
	188,174	265,222
Hotel operating expenses	**62,358**	62,733
Legal and professional fees	**14,786**	9,043
Fair value adjustment on other receivables	**-**	7,521
Net exchange loss	**17**	2,241
Write off of bad debts from tenants	**14,115**	-

11. OTHER GAINS AND LOSSES

	2016	2015
	HK$'000	*HK$'000*
Gain on disposal of subsidiaries (note 42)	**615,804**	431,826
Write off of other receivables (note 23)	**(353,127)**	-
Reversal of relocation costs (note 30)	**71,721**	-
	334,398	431,826

12. FINANCE COSTS

	2016	2015
	HK$'000	*HK$'000*
Interest on bank borrowings	**71,986**	119,595
Less: Amount capitalised to property development project	**(376)**	(19,524)
	71,610	100,071
Front end fee	**3,236**	6,966
Other charges	**3,716**	2,467
	78,562	109,504

13. PROFIT BEFORE TAXATION

	2016	2015
	HK$'000	*HK$'000*
Profit before taxation has been arrived at after charging (crediting):		
Auditor's remuneration	**1,856**	2,540
Directors' emoluments (note 14)	**12,531**	6,151
Loss on disposal of property, plant and equipment	**41**	32
Depreciation and amortisation	**47,166**	77,670
Less: Amount capitalised to property development projects	**(126)**	(428)
	47,040	77,242
Interest income from second mortgage loans	**(187)**	(234)
Gross rental income from investment properties	**(240,293)**	(392,062)
Less: Direct operating expenses	**33,127**	47,242
Net rental income	**(207,166)**	(344,820)

14. DIRECTORS' EMOLUMENTS

The emoluments paid or payable to each of the directors of the Company are as follows:

	Mr. Richard Öther Prickett	Mr. Lu Wing Chi	Mr. Lambert Lu	Mr. David Andrew Runciman	Mr. Lincoln Lu	Mr. Lam Sing Tai	Mr. John David Orchard Fulton	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
2016								
Fees	**422**	**210**	**210**	**-**	**210**	**210**	**211**	**1,473**
Other emoluments								
Salaries and other benefits	**-**	**-**	**-**	**1,440**	**-**	**-**	**-**	**1,440**
Retirement benefits scheme contributions	**-**	**-**	**-**	**177**	**-**	**-**	**-**	**177**
Share-based payment expenses	**-**	**-**	**-**	**9,441**	**-**	**-**	**-**	**9,441**
Total emoluments	**422**	**210**	**210**	**11,058**	**210**	**210**	**211**	**12,531**
2015								
Fees	477	237	237	-	237	237	238	1,663
Other emoluments								
Salaries and other benefits	-	-	-	1,440	-	-	-	1,440
Retirement benefits scheme contributions	-	-	-	144	-	-	-	144
Share-based payment expenses	-	-	-	2,904	-	-	-	2,904
Total emoluments	477	237	237	4,488	237	237	238	6,151

15. INCOME TAX CREDIT

	2016	2015
	HK$'000	*HK$'000*
The credit (charge) comprises:		
Current tax		
Hong Kong Profits Tax	**(12,238)**	(19,450)
PRC Enterprise Income Tax	**(15,036)**	(14,933)
Other jurisdictions	**(266)**	-
	(27,540)	(34,383)
Overprovision in prior years		
Hong Kong Profits Tax	**98**	3,940
PRC Enterprise Income Tax	**1,879**	6,666
PRC Land Appreciation Tax	**79,420**	-
	81,397	10,606
Deferred tax		
- current year	**28,552**	28,542
- underprovision in prior year	**(2,378)**	-
	26,174	28,542
	80,031	4,765

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for both years.

PRC Enterprise Income Tax is calculated at 25% of the estimated assessable profits for both years.

UK Profit Tax is calculated at 20% of the estimated assessable profits during the year.

Details of deferred taxation are set out in note 33.

15. INCOME TAX CREDIT - continued

Income tax credit for the year can be reconciled to profit before taxation in the consolidated statement of profit or loss as follows:

	2016	2015
	HK$'000	*HK$'000*
Profit before taxation	**220,941**	1,321,413
Tax charge at Hong Kong income tax rate of 16.5%	**(36,455)**	(218,033)
Tax effect of expenses not deductible for tax purposes	**(101,862)**	(43,979)
Tax effect of income not taxable for tax purposes	**133,048**	250,561
Tax effect of tax losses not recognised	**(2,277)**	(4,376)
Utilisation of tax losses previously not recognised	**406**	751
Effect of different tax rates of subsidiaries operating overseas	**6,812**	5,483
Overprovision in prior years	**79,019**	10,606
Others	**1,340**	3,752
Income tax credit for the year	**80,031**	4,765

16. EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to the Company's shareholders is based on the following data:

	2016	2015
	HK$'000	*HK$'000*
Earnings for the purpose of basic earnings per share:		
Profit for the year attributable to the Company's shareholders	**425,378**	1,336,728
	2016	2015
Number of common shares for the purpose of basic earnings per share (note: changed from ordinary shares to common shares after migration on 5 December 2016)	**886,347,812**	886,347,812

No diluted earnings per share is presented as the Company did not have any potential ordinary shares in issue during both years.

16. EARNINGS PER SHARE - continued

For the purpose of assessing the performance of the Group, the directors of the Company are of the view that the profit for the year should be adjusted for the fair value changes on investment properties recognised in profit or loss and the related deferred taxation in arriving at the "adjusted profit attributable to the Company's shareholders". A reconciliation of the adjusted earnings is as follows:

	2016	2015
	HK$'000	*HK$'000*
Profit for the year attributable to the Company's shareholders as shown in the consolidated statement of profit or loss	**425,378**	1,336,728
Fair value changes on investment properties	**100,671**	(949,107)
Deferred tax thereon	**(25,168)**	(31,725)
Adjusted profit attributable to the Company's shareholders	**500,881**	355,896
Basic earnings per share excluding fair value changes on investment properties net of deferred tax	**HK56.5 cents**	HK40.2 cents

The denominators used in the calculation of adjusted earnings per share are the same as those detailed above.

17. DIVIDENDS

The Board has declared a special cash dividend of HK$2.25 (2015: HK$1.9) per common share for the year ended 31 December 2016 to shareholders of the Company whose names appear on the register of members of the Company at the close of business on Friday, 31 March 2017. The relevant dividend warrants are expected to be despatched on or before Thursday, 13 April 2017.

18. INVESTMENT PROPERTIES

	Hong Kong *HK$'000*	PRC *HK$'000*	UK *HK$'000*	Total *HK$'000*
At 1 January 2015	7,907,000	2,451,285	-	10,358,285
Cost adjustment on additions	(8)	-	-	(8)
Fair value changes	1,076,008	(126,901)	-	949,107
Exchange adjustments	-	(138,067)	-	(138,067)
At 31 December 2015	8,983,000	2,186,317	-	11,169,317
Addition (note 41)	-	-	1,505,213	1,505,213
Fair value changes	-	(100,671)	-	(100,671)
Disposal of subsidiaries (note 42(a))	(8,983,000)	-	-	(8,983,000)
Exchange adjustments	-	(134,408)	(11,114)	(145,522)
At 31 December 2016	-	1,951,238	1,494,099	3,445,337

All of the Group's property interests are held under operating leases to earn rentals and/or for capital appreciation purposes. These properties are measured using the fair value model and are classified and accounted for as investment properties.

In estimating the fair value of investment properties, the Group uses market-observable data to the extent it is available. The Group engages independent qualified external valuers to perform the valuation of the Group's investment properties. At the end of each reporting period, the Group works closely with the independent qualified external valuers to establish and determine the appropriate valuation techniques and inputs to the model.

As at 31 December 2016, the fair values of the Group's investment properties in the PRC mainly comprise car parking spaces, shop and office portion of the properties. As at 31 December 2015, the fair values of the Group's investment properties in both Hong Kong and the PRC mainly comprise car parking spaces, shop and office portion of the properties. The valuations were arrived at on the basis of valuations carried out at those dates by Savills Valuation and Professional Services Limited, a firm of Chartered Surveyors not connected to the Group, recognised by The Hong Kong Institute of Surveyors, that has appropriate qualifications and recent experience in the valuation of properties in the relevant locations. The valuation for investment properties in Hong Kong and the PRC were arrived in accordance with the "The HKIS Valuation Standard (2012 Edition)" published by the Hong Kong Institute of Surveyors.

The fair value of the investment property comprising mainly office units in the UK as at 31 December 2016 was arrived at on the basis of a valuation carried out by Savills (UK) Limited, a firm of chartered surveyors not connected to the Group, regulated by the Royal Institution of Chartered Surveyors ("RICS"), a subsidiary of Savills Plc., that has appropriate qualifications and recent experience in the valuation of properties in the relevant locations. The valuation has been prepared in accordance with RICS Valuation - Professional Standards January 2014 (the "RICS Red Book") published in November 2013 and effective from 6 January 2014.

18. INVESTMENT PROPERTIES - continued

These has been no change from the valuation technique used in the prior year.

In estimating the fair value of the properties, the highest and best use of the properties is their current use.

The key inputs used in valuing the investment properties under the income capitalisation approach were the capitalisation rates used and monthly unit rent. A slight increase in the capitalisation rate used would result in a significant decrease in the fair value measurement of the investment properties, and vice versa. The higher the monthly unit rent, the higher the fair value and vice versa.

Details of the valuation methodology and the significant inputs are as follows:

Class of property	Valuation methodology	Key inputs to the valuation (including capitalisation rates and market value) 2016	2015	Fair value hierarchy
Car park, shop and office portion	Income capitalisation approach whereby the rental incomes of contractual tenancies are capitalised for the unexpired terms of tenancies. The valuers have also taken into account the reversionary market rents after the expiry of tenancies in capitalisation.	**Not applicable**	Hong Kong office 3.25%-3.75% per annum	Level 3
		PRC shop 7.0% - 9.0% per annum	PRC shop 7.0% - 9.0% per annum	
		PRC office 6.0% - 6.5% per annum	PRC office 6.0% - 6.5% per annum	
		Not applicable	Hong Kong Car park 4.5% per annum	
	The valuers have used the traditional "all risk" yield investment method of valuation, having regard to comparable evidence.	**UK office 4.17% per annum**	Not applicable	
Car park portion	Sales comparison approach and made reference to the sales of comparable properties as available in the market.	**PRC comparable ranging from RMB131,000 to RMB140,000 per space**	PRC comparable ranging from RMB135,000 to RMB200,000 per space	Level 3

There were no transfers between Level 1, 2 and 3 in both years presented.

19. PROPERTY, PLANT AND EQUIPMENT

	Hotel property in Hong Kong	Other properties in Hong Kong	Properties in the PRC	Plant and Machinery	Furniture, Fixtures and equipment	Motor Vehicles	Leasehold Improvements	Crockery, Utensils and linen	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
COST									
At 1 January 2015	1,089,672	421,000	47,272	45,563	38,831	8,504	73,593	5,051	1,729,486
Additions	-	-	-	693	1,210	253	-	-	2,156
Disposals	(353)	-	-	(1,692)	(295)	-	(827)	-	(3,167)
Exchange adjustments	-		(2,761)	(399)	(360)	(346)	(331)	-	(4,197)
At 31 December 2015	1,089,319	421,000	44,511	44,165	39,386	8,411	72,435	5,051	1,724,278
Additions	-	-	-	6	1,819	-	-	15	1,840
Disposals	(11)	-	-	(29)	(597)	(17)	(123)	-	(777)
Disposal of subsidiaries (note 42)	-	(421,000)	-	(489)	(4,262)	(3,291)	(3,056)	-	(432,098)
Exchange adjustments	-	-	(2,823)	(406)	(132)	(171)	(153)	-	(3,685)
At 31 December 2016	1,089,308	-	41,688	43,247	36,214	4,932	69,103	5,066	1,289,558
DEPRECIATION									
At 1 January 2015	142,619	12,923	1,034	23,627	33,864	5,773	72,190	-	292,030
Provided for the year	27,362	12,923	1,071	5,122	1,733	1,203	768	-	50,182
Eliminated on disposals	(353)	-	-	(1,679)	(258)	-	(827)	-	(3,117)
Exchange adjustments	-	-	(101)	(211)	(194)	(258)	(280)	-	(1,044)
At 31 December 2015	169,628	25,846	2,004	26,859	35,145	6,718	71,851	-	338,051
Provided for the year	27,507	5,142	1,006	4,910	1,272	434	423	-	40,694
Eliminated on disposals	(2)	-	-	(21)	(590)	-	(123)	-	(736)
Disposal of subsidiaries (note 42)	-	(30,988)	-	(424)	(2,324)	(2,509)	(3,057)	-	(39,302)
Exchange adjustments	-	-	(169)	(269)	(106)	(159)	(133)	-	(836)
At 31 December 2016	197,133	-	2,841	31,055	33,397	4,484	68,961	-	337,871
CARRYING VALUES									
At 31 December 2016	892,175	-	38,847	12,192	2,817	448	142	5,066	951,687
At 31 December 2015	919,691	395,154	42,507	17,306	4,241	1,693	584	5,051	1,386,227

The above items of property, plant and equipment are depreciated on a straight-line basis after taking into account their estimated residual values at the following rates per annum:

Leasehold land and properties	Over the lease terms ranging from 42 years to 45.5 years
Completed hotel building	40 years
Other properties	4%
Plant and machinery	10%
Furniture, fixtures and equipment	25%
Motor vehicles	25%
Leasehold improvements	25%

The carrying amounts of properties shown above comprise properties situated in:

	2016	2015
	HK$'000	*HK$'000*
Hong Kong	**892,175**	1,314,845
The PRC	**38,847**	42,507

20. PROPERTIES FOR DEVELOPMENT

	2016	2015
	HK$'000	*HK$'000*
COST		
At 1 January	**1,304,937**	1,332,112
Additions	**46,261**	51,713
Disposal of subsidiaries (notes 42 (b), (c) and (d))	**(1,337,030)**	-
Exchange adjustments	**(14,168)**	(78,888)
At 31 December	**-**	1,304,937
AMORTISATION		
At 1 January	**104,757**	83,680
Provided for the year	**6,472**	27,488
Disposal of subsidiaries (notes 42 (b), (c) and (d))	**(110,085)**	-
Exchange adjustments	**(1,144)**	(6,411)
At 31 December	**-**	104,757
CARRYING VALUE		
At 31 December	**-**	1,200,180

At 31 December 2015, the carrying amount represented the Group's interest in certain pieces of land located in the PRC to be held for future development.

The carrying amount was amortised on a straight-line basis over the lease terms ranging from 40 to 70 years.

21. LOAN RECEIVABLES

	2016	2015
	HK$'000	*HK$'000*
Second mortgage loans	**3,536**	4,160
Analysed for reporting purposes:		
Non-current assets	**3,160**	3,789
Current assets	**376**	371
	3,536	4,160

The loans bear interest at Hong Kong Prime Rate and are repayable by monthly installments over a period of 20 years or as stipulated in the respective agreements.

The second mortgage loans are secured by the leasehold properties of the borrowers.

The effective interest rate of the loan receivables is 5.0% (2015: 5.0%) per annum.

Loan receivables balances which are past due at the end of the reporting period are minimal and are not considered impaired. In determining the recoverability of the loan receivables, the Group considers, among other factors, any change in value of the properties securing the loans.

The concentration of credit risk is limited due to the customer base being unrelated. No single loan receivable is individually material.

22. NOTE RECEIVABLES

The amount represents (i) the carrying value of a five-year zero coupon principal protected index-linked note with a principal amount of US$2,000,000 (equivalent to HK$15,509,000) (2015: US$2,000,000 (equivalent to HK$15,502,000)) already matured and settled in February 2017 and (ii) the carrying value of a five-year zero coupon principal protected index-linked note with a principal amount of US$5,000,000 (equivalent to HK$38,773,000) (2015: US$5,000,000 (equivalent to HK$38,754,000)) maturing on 9 August 2018. The index is a proprietary index named Forex Yield Differential Accrual Perpetual Index, which is a proprietary non-discretionary algorithm to calculate the risk filter multiple of non-discretionary trading that observes a basket of ten currencies.

The host contracts of the note are measured at amortised cost. The index-linked feature is regarded as a derivative embedded in but not closely related to the host contract in accordance with IAS 39 *Financial Instruments: Recognition and Measurement*. However, in the opinion of the directors of the Company, the fair values of the embedded derivatives at the end of the reporting period are insignificant and therefore they have not been accounted for as a separate component in the consolidated financial statements.

23. OTHER RECEIVABLES

At 31 December 2016, the Group had incurred a total amount of RMB321,060,000 (2015: RMB321,060,000), equivalent to HK$358,913,000 (2015: HK$383,217,000), for the tenant relocation arrangements, excavation and infrastructure work on certain pieces of land in Nanjing, the PRC. The amount is wholly refundable from the relevant PRC local government either by deduction against the consideration payable if the Group is successful in bidding for the land or out of the proceeds received by the relevant PRC local government from another successful tenderer.

As at 31 December 2015, the balance of HK$361,114,000 represented the Hong Kong dollar equivalent of the present value of the original amount of RMB321,060,000 expected to be recovered in 2018 discounted at the rate of 2% per annum.

During the year ended 31 December 2016, the Group recognised a full impairment of other receivables. Management reviews the status of the underlying project annually. Since there has been a substantial delay of the time schedule from the original plan, management is now of the view that the release of the land for auction and amount to be recovered in the foreseeable future is unlikely, and therefore a full impairment has been made for the amounts already incurred.

24. AVAILABLE-FOR-SALE INVESTMENTS

	2016 *HK$'000*	2015 *HK$'000*
Unlisted investments at cost:		
- Equity securities (Note a)	**5,817**	5,824
- Convertible loan (Note b)	**5,817**	5,824
Unlisted investments at fair value:		
- Debt securities (Note c)	**496,719**	-
	508,353	11,648
Listed investments at fair value:		
- Debt securities maturing between January 2017 to September 2019 with fixed interests ranging from 1.9% to 8.0% per annum (Note d)	**882,094**	-
Total	**1,390,447**	11,648
Analysed for reporting purposes as:		
Current assets	**137,204**	-
Non-current assets	**1,253,243**	11,648
	1,390,447	11,648

(a) At 31 December 2016, unlisted equity securities classified as available-for sale held by the Group amounting to US$750,000 (equivalent to HK$5,817,000) (2015: US$750,000 (equivalent to HK$5,824,000)), representing approximately 8% (2015: 8%) equity interest of the investee company, were measured at cost less impairment at the end of the reporting period because the range of reasonable fair value estimates is so significant that the directors of the Company were of the opinion that the fair value cannot be measured reliably.

(b) The Group committed and contributed an unsecured interest-free loan in the sum of US$750,000 (equivalent to HK$5,817,000) (2015: US$750,000 (equivalent to HK$5,824,000)) to the party set out in note (a) which was measured at cost less impairment at the end of the reporting period.

The party is scheduled to repay the convertible loan at its principal amount of US$500,000 on 14 October 2017 and US$250,000 on 30 July 2018 (the "Maturity date"). The Group has the right to convert into shares representing not more than a 7% (2015: 7%) equity interest of the investee company.

The conversion option feature is regarded as a derivative embedded in but not closely related to the convertible loan in accordance with IAS 39 Financial Instruments: Recognition and Measurement. However, in the opinion of the directors of the Company, the fair value of the embedded derivative at the end of the reporting period is insignificant and therefore it has not been accounted for it as a separate component in the consolidated financial statements.

24. AVAILABLE-FOR-SALE INVESTMENTS - continued

(c) In December 2016, the Group subscribed for a note issued by an independent third party in an aggregate principal amount of HK$500 million with a maturity date in December 2018 at a coupon rate of 7% per annum for the first year and 8% per annum for the second year (the "Note"). The Note entitles the issuer to early redeem on the first anniversary of the issue date of the Note, in whole but not in part, at 100% of the principal amount outstanding, together with the accrued and unpaid interest at the date fixed for redemption. As at 31 December 2016, the Note is measured at fair value determined based on the valuation conducted by an independent professional valuer.

(d) At 31 December 2016, the Group’s listed debt securities have been pledged as security for the bank borrowings. (2015: nil).

The Group’s listed investments are measured at fair value for financial reporting purposes.

Details of fair value measurement are disclosed in note 34(c).

25. RESTRICTED BANK DEPOSITS/PLEDGED BANK DEPOSITS

Restricted bank deposits carry fixed interest rates at 1.6% (2015: ranging from 0.4% to 1.9%) per annum and were placed with a bank in relation to long-term bank borrowings.

Pledged bank deposits carry fixed interest at 0.1% (2015: nil) and are placed with a bank to secure a revolving loan facility.

26. PROPERTIES HELD FOR SALE - PROPERTIES UNDER DEVELOPMENT

At 31 December 2015, the properties under development were expected to be completed in more than twelve months after the end of the reporting period. The entire amount of properties under development were disposed through subsidiaries (note 42).

27. RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2016 *HK$'000*	2015 *HK$'000*
Trade receivables	**8,001**	10,000
Amount receivables from disposal of subsidiaries (note 42 (d))	**445,000**	-
Accrued income	**72,366**	99,159
Deposits and prepayments	**60,012**	16,685
	585,379	125,844

Trade receivables mainly represent rental receivable from tenants for the use of the Group's properties and receivables from corporate customers and travel agents for the use of hotel facilities. Rentals are payable upon presentation of demand notes. An average credit period of 30 days is allowed to corporate customers and travel agents.

The following is an aged analysis of trade receivables, presented based on the invoice date, at the end of the reporting period.

	2016 *HK$'000*	2015 *HK$'000*
0 to 30 days	**5,622**	8,167
31 to 60 days	**344**	271
61 to 90 days	**18**	232
91 to 365 days	**1,100**	1,110
Over 365 days	**917**	220
	8,001	10,000

Before granting credit to any customer, the Group uses an internal credit assessment policy to assess the potential customers' credit quality and defines credit limit by customer. Trade receivables of HK$2,513,000 (2015: HK$2,498,000) at the end of the reporting period are past due but are not considered impaired as most of them are sufficiently covered by rental deposits received from respective tenants. The Group considers that the amounts are still recoverable and no provision is required. The Group does not hold any collateral over these balances.

28. AMOUNTS DUE FROM/TO NON-CONTROLLING INTERESTS

The balances are unsecured, interest-free and repayable on demand.

29. BANK BALANCES AND CASH

	2016	2015
	HK$'000	*HK$'000*
Cash and cash equivalents	**4,779,967**	3,298,440
Fixed deposits with an original maturity period more than 3 months	**4,460,201**	364,048
Guaranteed bank balances	**-**	3,094
	9,240,168	3,665,582

Bank balances and cash comprise cash and short-term bank deposits which carry fixed interest rates ranging from 0.5% to 1.7% (2015: 0.3% to 2.4%) per annum.

Guaranteed bank balances represent deposits placed by the Group with banks which can only be applied to designated property development projects of the Group. Guaranteed bank balances carry interest at market rates ranging from 0.4% to 1.0% per annum as at 31 December 2015.

The Group's bank balances and cash that are denominated in currencies other than the functional currencies of the relevant group entities are set out below:

	2016	2015
	HK$'000	*HK$'000*
Hong Kong dollars	**645,526**	23
United States dollars	**4**	1
Renminbi	**960**	2,763

30. PAYABLES, RENTAL DEPOSITS AND ACCRUED CHARGES

	2016	2015
	HK$'000	*HK$'000*
Trade payables	**2,432**	3,052
Rental deposits	**37,739**	113,764
Rental received in advance	**30,657**	13,463
Other payables, other deposits and accrued charges	**86,801**	240,440
	157,629	370,719

Included in other payables is an aggregate amount of (i) HK$24,609,000 (2015: HK$93,010,000) payable to contractors for the cost in relation to the tenant relocation arrangements, excavation and infrastructure work on certain pieces of land as detailed in note 23 and; (ii) nil (2015: HK$67,436,000) payable to contractors for properties held for sale. In 2016, management reviewed the construction cost provision and reversed an amount of HK$71,721,000 which no longer probable to be paid by the Group.

Rental deposits to be settled after twelve months from the end of the reporting period based on the respective lease terms amounted to HK$25,610,000 (2015: HK$76,376,000).

31. BANK BORROWINGS

	2016	2015
	HK$'000	*HK$'000*
Secured	**3,395,968**	4,035,574
Unsecured	**80,000**	-
	3,475,968	4,035,574
Less: Front-end fee	**(17,335)**	(22,089)
	3,458,633	4,013,485
Analysed for reporting purpose as:		
Current liabilities	**1,464,928**	1,133,781
Non-current liabilities	**1,993,705**	2,879,704
	3,458,633	4,013,485

The bank borrowings are repayable as follows:

On demand or within one year	**1,467,756**	1,136,239
Within a period of more than one year, but not exceeding two years	**97,585**	164,126
Within a period of more than two years, but not exceeding five years	**1,887,151**	1,795,734
Within a period of more than five years	**23,476**	939,475
	3,475,968	4,035,574

Except for the bank borrowing of HK$723,420,000 denominated in Hong Kong dollars, being the foreign currency of the relevant group entities with functional currency in USD, the remaining amounts are denominated in the functional currencies of the relevant group entities and carry interest at floating rates, the principal amounts of which are analysed below:

Denominated in	**2016**	2015
	HK$'000	*HK$'000*
Hong Kong dollars	**1,115,000**	3,459,000
Renminbi	**140,017**	576,574
Great Britain Pounds	**1,497,531**	-
	2,752,548	4,035,574

The effective interest rates of these variable-rate borrowings range from 1.2% to 5.4% (2015: 1.4% to 7.1%) per annum.

32. SHARE CAPITAL

	2016 and 2015
	US$'000
Authorised:	
1,300,000,000 common shares (note: changed from ordinary shares to common shares after migration on 5 December 2016) of US$0.05 each	65,000
Issued and fully paid:	
886,347,812 common shares (note: after migration on 5 December 2016) of US$0.05 each	44,317
	HK$'000
Shown in the financial statements as	345,204

33. DEFERRED TAXATION

The following are the major deferred tax liabilities (assets) recognised and movements thereon during the current and prior reporting periods:

	Accelerated tax depreciation	Fair value of investment properties	Effective rental income	Tax losses	Others	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 January 2015	16,540	283,851	22,006	(4,371)	1,477	319,503
Exchange adjustments	-	(15,312)	(1,339)	282	-	(16,369)
Charge (credit) to profit or loss	2,217	(31,725)	1,372	(708)	302	(28,542)
At 31 December 2015	18,757	236,814	22,039	(4,797)	1,779	274,592
Exchange adjustments	(13)	(13,956)	(1,263)	197	-	(15,035)
Charge (credit) to profit or loss	2,826	(25,168)	(3,191)	2,550	(3,191)	(26,174)
Disposal of subsidiaries	(18,591)	-	-	-	1,412	(17,179)
At 31 December 2016	**2,979**	**197,690**	**17,585**	**(2,050)**	**-**	**216,204**

For the purpose of presentation of the consolidated statement of financial position, deferred tax assets and liabilities have been offset and shown under non-current liabilities.

33. DEFERRED TAXATION - continued

At 31 December 2016, the Group has unused tax losses of HK$45,100,000 (2015: HK$$85,823,000) available to offset against future profits. A deferred tax asset has been recognised in respect of HK$8,199,000 (2015: HK$19,184,000) of such losses. No deferred tax asset has been recognised in respect of the remaining HK$36,901,000 (2015: HK$66,639,000) as it is not probable that taxable profit will be available to offset against the tax losses due to the unpredictability of future profit streams. The tax losses will expire in the following years ending 31 December:

	2016	2015
	HK$'000	*HK$'000*
2016	**-**	1,465
2017	**1,092**	3,354
2018	**4,248**	4,797
2019	**11,967**	39,316
2020	**11,801**	29,159
2021	**13,159**	-
	42,267	78,091

Other tax losses may be carried forward indefinitely.

34. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2016	2015
	HK$'000	*HK$'000*
Financial assets		
Loans and receivables (including cash and cash equivalents)	**10,289,719**	4,100,725
Available-for-sale investments		
- listed	**882,094**	-
- unlisted	**508,353**	11,648
Financial liabilities		
Financial liabilities at amortised cost	**3,621,846**	4,336,524

(b) Financial risk management objectives and policies

The directors of the Company have overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls to monitor risks and adherence to market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a constructive control environment in which all employees understand their roles and obligations. The directors of the Company monitor and manage the financial risks relating to the operations of the Group to ensure appropriate measures are implemented on a timely and effective manner. These risks include market risk (including primarily foreign currency risk, interest rate risk and price risk), credit risk and liquidity risk.

The Group's overall strategy remains unchanged from prior year.

34. FINANCIAL INSTRUMENTS - continued

(b) Financial risk management objectives and policies - continued

Market risk

(i) Foreign currency risk

Certain subsidiaries of the Company have foreign currency denominated monetary assets/(liabilities), which expose the Group to foreign currency risk. The Group currently does not have a policy to hedge the foreign currency exposure. However, management monitors the related foreign currency fluctuation closely and will consider entering into foreign exchange forward contracts to hedge significant portion of the foreign currency risk should the need arise.

The carrying amounts of the foreign currency denominated net monetary assets/(liabilities) at the end of the reporting period in the respective group entities are as follows:

	2016	2015
	HK$'000	*HK$'000*
Hong Kong dollars	**(77,436)**	23
United States dollars	**65,891**	65,905
Renminbi	**2,235**	2,763

The loans for foreign operations within the Group that form part of the Group's net investment in the foreign operations are denominated in foreign currencies, other than the functional currency of the foreign entities.

Sensitivity analysis

The following table details the Group's sensitivity to a 5% (2015: 5%) depreciation in the functional currencies of the relevant subsidiaries (i.e. Renminbi, United States dollars and Hong Kong dollars), relative to the foreign currencies of the relevant subsidiaries (i.e. Hong Kong dollars, United States dollars and Renminbi). There would be an equal and opposite impact where the Renminbi, United States dollars and Hong Kong dollars weakens 5% (2015: 5%) against the relevant foreign currencies.

	Increase (decrease) in profit for the year	
	2016	2015
	HK$'000	*HK$'000*
Hong Kong dollars	**(3,872)**	1
United States dollars	**3,295**	3,295
Renminbi	**112**	138

34. FINANCIAL INSTRUMENTS - continued

(b) Financial risk management objectives and policies - continued

Market risk - continued

(i) Foreign currency risk - continued

Sensitivity analysis - continued

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign currency risk as the year end exposure does not reflect the exposure during the year.

Since the Hong Kong dollar is pegged to the United States dollar under the Linked Exchange Rate System, management does not expect any significant foreign currency exposure in relation to the exchange rate fluctuations between the Hong Kong dollar and the United States dollar.

(ii) Interest rate risk

The Group is exposed to cash flow interest rate risk in relation to variable-rate borrowings, loan receivables, bank balances and deposits. The directors of the Company consider that the interest rate risk on bank balances and deposits are insignificant as they are subject to minimal interest rate fluctuation, accordingly, no sensitivity analysis is presented. The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of HIBOR, LIBOR and the PBOC Prescribed Interest Rates on the bank borrowings, and Hong Kong Prime Rate on the loan receivables.

The Group currently does not have an interest rate swap hedging policy. However, management monitors the interest exposure and will consider hedging interest rate risk exposure should the need arise.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates in relation to the Group's variable-rate bank borrowings and loan receivables at the end of the reporting period. The analysis is prepared assuming the amount of asset and liability outstanding at the end of the reporting period was outstanding for the whole year. A 50 basis points increase or decrease represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's profit for the year ended 31 December 2016 would decrease/increase by HK$17,362,000 (2015: HK$19,426,000).

34. FINANCIAL INSTRUMENTS - continued

(b) Financial risk management objectives and policies - continued

Market risk - continued

(iii) Price risk

The Group is exposed to price risk through its investments in AFS investments. Management manages this exposure by maintaining a portfolio of investments with different risks. In addition, the Group has formed a special team to monitor the price risk and will consider hedging the risk exposure should the need arise.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to market price risk of listed AFS debt investments at the reporting date. For sensitivity analysis purpose, if the prices of the respective instruments had been 5% higher/lower, investments revaluation reserve would increase/decrease by HK$44,105,000 for the Group as a result of the changes in fair value of the listed AFS investments.

Credit risk

The Group's maximum exposure to credit risk in the event of the counterparties' failure to perform their obligations at the end of the reporting period in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the consolidated statement of financial position, which is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position. In order to minimise the credit risk, management of the Group has monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual debt at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

At 31 December 2016, the Group has concentration of credit risk on receivables from disposal of subsidiaries as set out in note 42 and unlisted AFS debt investments. Management of the Group has periodic communication with the counterparty and has monitored the settlement regularly.

Although the placing of deposits, listed AFS debt investments and notes subscribed are concentrated on certain banks or listed issuers, the credit risk on these financial assets is limited because the counterparties are with good reputation.

The Group has no other significant concentration of credit risk with exposure spread over a number of counterparties and customers.

34. FINANCIAL INSTRUMENTS - continued

(b) Financial risk management objectives and policies - continued

Market risk – continued

Liquidity risk

Ultimate responsibility for liquidity risk management rests with the directors of the Company, which have built an appropriate liquidity risk management framework for management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities, and by continuously monitoring forecast and actual cash flows. As at 31 December 2016, the Group has bank balances and cash of HK$9,778,862,000 (2015: HK$3,671,195,000) and available unutilised bank loan facilities of approximately HK$627,442,000 (2015: HK$370,248,000).

The following table details the Group's remaining contractual maturity for its financial liabilities based on the agreed repayment terms. The table has been drawn up based on the undiscounted cash flows of financial liabilities and on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows, estimated based on interest rate at the end of the reporting period.

	Weighted average effective interest rate	Within 3 months	3 months to 6 months	6 months to 9 months	9 months to 12 months	Over 1 year	Total undiscounted cash flows	Carrying amount
	%	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 31.12.2016								
Payables and rental deposits received	**-**	**82,054**	**1,855**	**762**	**2,917**	**25,610**	**113,198**	**113,198**
Amounts due to non-controlling interests	**-**	**87,754**	**-**	**-**	**-**	**-**	**87,754**	**87,754**
Variable rates bank borrowings	**2.1**	**1,406,933**	**31,508**	**31,260**	**55,013**	**2,261,705**	**3,786,419**	**3,458,633**
		1,576,741	**33,363**	**32,022**	**57,930**	**2,287,315**	**3,987,371**	**3,659,585**
At 31.12.2015								
Payables and rental deposits received	-	243,792	10,679	6,732	5,528	76,376	343,107	343,107
Amounts due to non-controlling interests	-	93,696	-	-	-	-	93,696	93,696
Variable rates bank borrowings	2.7	78,741	1,036,075	37,334	89,812	3,337,903	4,579,865	4,013,485
Financial guarantees liabilities	-	43,382	-	-	-	-	43,382	-
		459,611	1,046,754	44,066	95,340	3,414,279	5,060,050	4,450,288

The amounts of financial guarantee liabilities, as set out in note 40, are the maximum amounts the Group could be required to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. Based on expectations at the end of the reporting period, the Group considers that it is more likely than not that such an amount will not be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses.

The amounts included above for variable rate bank borrowings are subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

Bank loans with a repayment on demand clause are included in the "within 3 months" time band in the above maturity analysis. As at 31 December 2016, the aggregate undiscounted principal amounts of the bank loans amounted to HK$1,256,524,000. Taking into account the Group's financial position, the directors of the Company do not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment and the principal and interest cash flows based on contractual repayment terms amount to HK$ 1,257,597,000 reported under "within 3 months" time band.

34. FINANCIAL INSTRUMENTS - continued

(c) Fair value measurement of financial instruments

The fair value of financial assets and financial liabilities carried at amortised cost, are determined in accordance with generally accepted pricing models which is based on discounted cash flows analysis using the relevant prevailing market rates as input.

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values.

The fair value of the listed available-for-sale investments is determined by reference to the quoted bid prices in an active market. This valuation falls under Level 1 of the fair value hierarchy.

The following table gives information about how the fair values of the unlisted available-for-sale debt investments are determined (in particular, the valuation technique(s) and inputs used).

Financial assets	**Fair value as at 31/12/2016**	**Fair value hierarchy**	**Valuation technique(s) and key input(s)**
Unlisted available-for-sale debt investments as set out in note 24 (Note c)	HK$496,719,000	Level 2	A discounted cash flow analysis is adopted to estimate the fair value of the Note. A discounted cash flow analysis involves forecasting the appropriate cash flow stream over an appropriate period and then discounting it back to a present value at an appropriate discount rate. This discount rate reflects the time value of money, inflation and the risk inherent in ownership of the asset or security interest being valued. The key input is the discount rate which is determined with reference to comparable bonds as at 31 December 2016.

35. OPERATING LEASE ARRANGEMENTS

The Group as lessee

Minimum lease payments paid under operating leases during the year are HK$36,000 (2015: HK$1,386,000).

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases in respect of rented premises which fall due as follows:

	2016	2015
	HK$'000	*HK$'000*
Within one year	**36**	766
In the second to fifth years inclusive	**3**	129
	39	895

Leases are negotiated for the range of 1 to 2 years (2015: 1 to 2 years) with fixed monthly rentals.

The Group as lessor

The majority of the Group's investment properties were leased out under operating leases.

At the end of the reporting period, the Group had contracted with tenants for the following future minimum lease payments:

	2016	2015
	HK$'000	*HK$'000*
Within one year	**187,203**	356,543
In the second to fifth years inclusive	**599,652**	859,051
Over five years	**690,624**	750,243
	1,477,479	1,965,837

In addition to the annual minimum lease payments, the Group is entitled to, in respect of leases, in addition to committed rent, additional rental based on a specified percentage of revenue, if achieved, earned by the tenant. No such additional rental was received during the year and the preceding year.

The lease terms of the remaining leased properties range from 1 to 23 years (2015: 1 to 16 years).

36. PLEDGE OF ASSETS

At the end of the reporting period, the Group had pledged the following assets to secure banking facilities granted to the Group:

(a) Fixed charges on investment properties and property, plant and equipment with an aggregate carrying value of HK$2,854,807,000 (2015: HK$10,934,981,000) together with a floating charge over all the assets of the properties owning subsidiaries and benefits accrued to the relevant properties.

(b) Fixed charges on hotel properties with aggregate carrying values of HK$892,175,000 (2015: HK$919,691,000) together with a floating charge over all the assets of the properties owning subsidiaries and benefits accrued to the relevant properties.

(c) Fixed charges on properties under development held for sale with an aggregate carrying value of HK$195,963,000 as at 31 December 2015, which were released in the current year.

(d) Fixed charge on properties for development with an aggregate carrying value of HK$186,898,000 as at 31 December 2015, which were released in the current year.

(e) Note receivables of HK$54,282,000 (2015: HK$54,256,000).

(f) Pledged cash of HK$533,105,000 (2015: nil).

(g) Listed debt securities of HK$882,094,000 (2015: nil).

37. SHARE-BASED PAYMENTS

Share Option Scheme of the Company

The share option scheme of the Company (the "Share Option Scheme") was approved by the shareholders of SEA on 27 May 2010 and by the board of directors of the Company (the "Board") on 28 May 2010. The Share Option Scheme came into effect on 16 August 2010 (the "Adoption Date") upon fulfillment of the conditions contained in the Share Option Scheme. Unless terminated earlier by the Board, the Share Option Scheme shall be valid and effective for a term of 10 years until 15 August 2020.

The purpose of the Share Option Scheme is to provide a flexible means to recognise and acknowledge the performance and/or contribution of any (i) director or employee of the Company or any of its affiliates; (ii) representative, manager, agent, contractor, advisor, consultant, distributor or supplier engaged by the Company or any of its affiliates; (iii) customer, promoter, business ally or joint-venture partner of the Company or any of its affiliates; or (iv) trustee of any trust established for the benefit of employees of the Company or any of its affiliates.

37. SHARE-BASED PAYMENTS - continued

Share Option Scheme of the Company - continued

Under the Share Option Scheme, the Board (or any committee delegated by the Board) may offer to the eligible participants options to subscribe for shares of the Company at a price at least the highest of (i) the closing price of the share of the Company on the AIM Market on the date of grant of the option; (ii) the average of the closing price of the share of the Company on the AIM Market for the five business days immediately preceding the date of grant of the option; and (iii) the par value of the share of the Company.

Without prior approval of the shareholders of SEA in general meetings, no option may be granted to (a) an eligible participant which, if exercised in full, would result in the total number of shares issued and to be issued upon exercise of all options already granted or to be granted to such eligible participant in any 12-month period, exceeding 1% of the shares of the Company then in issue; and (b) a substantial shareholder and/or an independent non-executive director of the Company or SEA or any of their respective associates which, if exercised in full, would result in the total number of shares issued and to be issued upon exercise of all options granted or to be granted to such person in any 12-month period, exceeding 0.1% of the shares of the Company then in issue and with an aggregate value exceeding HK$5 million (or its equivalent amount in British Pound).

Options granted must be taken up within 28 days from the date of grant upon payment of HK$10 (or its equivalent amount in British Pound or United States dollars). The period during which an option may be exercised is determined by the Board (or any committee delegated by the Board) at its absolute discretion, save that no option may be exercised more than 10 years after it has been granted. Unless otherwise determined by the Board (or any committee delegated by the Board) at its sole discretion, there is no minimum period for which an option must be held before it can be exercised.

No option was granted since the adoption date of the Share Option Scheme.

Share Award Scheme of the Company

The share award scheme of the Company (the "Share Award Scheme") was approved by the shareholders of SEA on 27 May 2010 and by the Board on 28 May 2010 and came into effect on the Adoption Date. Unless terminated earlier by the Board, the Share Award Scheme shall be valid and effective for a term of 15 years until 15 August 2025.

The purpose of the Share Award Scheme is to provide a flexible means to recognise and acknowledge the performance and/or contribution of the eligible participants. Under the Share Award Scheme, the Board (or any committee delegated by the Board) may at its absolute discretion grant awards, which may comprise (a) new shares of the Company; (b) existing shares of the Company in issue and is listed on the AIM Market from time to time; (c) cash in lieu of the shares of the Company; or (d) a combination of (a), (b) and (c), to any eligible participants as it thinks fit and appropriate and subject to the terms and conditions of the Share Award Scheme. No award may be granted under the Share Award Scheme if the aggregate number of shares which may be issued and/or transferred upon vesting of all outstanding awards granted under the Share Award Scheme and any other share award scheme of the Company and which may be issued upon exercise of all outstanding options granted and yet to be exercised under any share option scheme of the Company exceed 30% of the shares of the Company in issue from time to time.

No award was granted since the adoption date of the SEA Share Award Scheme.

37. SHARE-BASED PAYMENTS - continued

Share Option Scheme of SEA

SEA adopted an employee share option scheme (the "2005 SEA Share Option Scheme") on 25 August 2005 for the primary purpose of providing incentive to directors and eligible employees. The 2005 SEA Share Option Scheme expired on 24 August 2015. Upon expiry of the 2005 SEA Share Option Scheme, no further options should be granted thereunder but the options granted and yet to be exercised under the 2005 SEA Share Option Scheme shall remain in force and effect.

SEA adopted a new share option scheme ("2015 SEA Share Option Scheme") on 29 May 2015. Under the 2015 SEA Share Option Scheme, the board of directors of SEA may offer to any (i) director or employee of SEA or any of its affiliate; (ii) representative, manager, agent, contractor, advisor, consultant, distributor or supplier engaged by SEA or any of its affiliate; (iii) customer, promoter, business ally or joint-venture partner of SEA or any of its affiliate; or (iv) trustee of any trust established for the benefit of employees of SEA or any of its affiliate. Options to subscribe for shares in SEA at a price at least the highest of (i) the nominal value of the share of SEA; (ii) the average of the closing price of the share of SEA on the Stock Exchange for the five business days immediately preceding the date of grant of the option; and (iii) the closing price of the share of SEA on the Stock Exchange on the date of grant of the option.

Without prior approval of the shareholders of SEA in general meeting, no option may be granted to (a) an eligible participant which, if exercised in full, would result in the total number of shares issued and to be issued upon exercise of all options already granted or to be granted to such eligible participant in any 12-month period, exceeding 1% of the shares of SEA then in issue; and (b) a substantial shareholder or an independent non-executive director of SEA or any of their respective associates which, if exercised in full, would result in the total number of shares issued and to be issued upon exercise of all options granted or to be granted to such person in any 12-month period, exceeding 0.1% of the shares of SEA then in issue and with an aggregate value exceeding HK$5 million.

Options granted must be taken up within 28 days from the date of grant upon payment of HK$10. The period during which an option may be exercised is determined by the board of directors of SEA at its absolute discretion, save that no option may be exercised more than 10 years after it has been granted. Unless otherwise determined by the board of directors of SEA at its sole discretion, there is no minimum period for which an option must be held before it can be exercised.

On 12 July 2012, SEA granted share options under the 2005 SEA Share Option Scheme to a director of the Company entitling the holder to subscribe for 1,000,000 shares of SEA at an exercise price of HK$3.454 per share with an exercise period of 2 years from 1 July 2015 to 30 June 2017. The directors of SEA determined the fair value of the share options with reference to the calculation made by an independent professional valuer to be HK$643,300. None of the options were lapsed and 500,000 share options of SEA granted under the 2005 SEA Share Option Scheme were exercised by such director during the reporting period.

On 2 July 2015, SEA granted share options under the 2015 SEA Share Option Scheme to a director of the Company entitling the holder to subscribe for 1,000,000 shares of SEA at an exercise price of HK$6.302 per share with an exercise period of 2 years from 1 July 2018 to 30 June 2020. The directors of SEA determined the fair value of the share options with reference to the calculation made by an independent professional valuer to be HK$1,090,055. None of the options lapsed or were exercised up to the end of the reporting period.

37. SHARE-BASED PAYMENTS - continued

Share Award Scheme of SEA

The share award scheme of SEA (the "SEA Share Award Scheme") was approved by the shareholders of SEA on 27 May 2010. The SEA Share Award Scheme came into effect on 15 June 2010 upon fulfillment of the conditions contained in the SEA Share Award Scheme. Unless terminated earlier by the board of directors of SEA, the SEA Share Award Scheme shall be valid and effective for a term of 15 years until 14 June 2025.

The purpose of the SEA Share Award Scheme is to provide a flexible means to recognise and acknowledge the performance and/or contribution of the eligible participants. Under the SEA Share Award Scheme, the board of directors of SEA (or any committee delegated by the board of directors of SEA) may at its absolute discretion grant awards, which may comprise (a) new shares of SEA; (b) existing shares of SEA in issue and is listed on the Stock Exchange from time to time; (c) cash in lieu of the shares of SEA; or (d) a combination of (a), (b) and (c), to any eligible participants as it thinks fit and appropriate and subject to the terms and conditions of the SEA Share Award Scheme. No award may be granted under the SEA Share Award Scheme if the aggregate number of shares which may be issued and/or transferred upon vesting of all outstanding awards granted under the SEA Share Award Scheme and any other share award scheme of SEA and which may be issued upon exercise of all outstanding options granted and yet to be exercised under any share option scheme of SEA exceed 30% of the shares of SEA in issue from time to time.

SEA has appointed trustee to acquire shares of SEA in the open market with funds provided by the SEA group and to hold the shares of SEA before they are vested and transferred to the selected participants.

No award was granted since the adoption date of the SEA Share Award Scheme.

38. RETIREMENT BENEFIT PLANS

The Group participates in a defined contribution scheme which is registered under a Mandatory Provident Fund Scheme (the "MPF Scheme") established under the Mandatory Provident Fund Schemes Ordinance of Hong Kong in December 2000 for eligible employees in Hong Kong. The assets of the MPF Scheme are held separately from those of the Group, in funds under the control of trustees. The Group contributes 5% to 15% of relevant payroll costs per month to the scheme for members of the MPF Scheme, depending on the length of service with the Group.

The employees of the Group's subsidiaries in the PRC are members of state-managed retirement benefit scheme operated by the government of the PRC.

The total contribution paid to the retirement benefit schemes by the Group charged to profit or loss for the year amounted to HK$3,485,000 (2015: HK$3,994,000). No forfeited contributions had been used to reduce the level of contributions in either year.

39. RELATED PARTY TRANSACTIONS

(a) For the year ended 31 December 2016, the Group paid fees of HK$188,174,000 (2015: HK$272,611,000) to South-East Asia Investment and Agency Company, Limited ("SEAI"), a wholly-owned subsidiary of SEA, pursuant to the agreement entered into between the Company, certain subsidiaries of the Company and SEAI for using SEAI's personnel and facilities on a cost-sharing basis to carry out the Group's business activities in respect of the provision of property development and management services to the Group on the Group's property portfolio; and

(b) The remuneration of directors of the Company who are the Group's key management is set out in note 14.

40. CONTINGENT LIABILITIES

At 31 December 2015, the Group had given guarantees to banks in respect of mortgage loans provided to the Group's customers for the purchase of the Group's properties located in Kaifeng, the PRC. The total outstanding mortgage loans which were under the guarantee were HK$43,382,000. This development project has been disposed during the year as set out in note 42(b) and the contingent liabilities therefore no longer exist at 31 December 2016.

41. ACQUISITIONS OF SUBSIDIARIES

On 7 November 2016, the Group entered into a sale and purchase agreement with an independent third party to acquire indirectly the entire issued units in a trust that owns the property known as 20 Moorgate, London, EC2R 6DA at a total consideration of approximately £154 million (approximately HK$1,491 million) (the "Acquisition"). The Acquisition was financed by (i) a bank facility of £100.8 million secured by the property and (ii) a bank facility of £57 million pledged by cash deposits.

Assets acquired and liabilities recognised at the date of acquisition are as follows:

	HK$'000
Investment properties	1,505,213
Other receivables and prepayments	1,030
Trade and other payables	(12,310)
	1,493,933

42. GAIN ON DISPOSAL OF SUBSIDIARIES

During the year ended 31 December 2016, the Group has disposed of certain subsidiaries which owned the following properties/projects:

(a) Dah Sing Financial Centre

On 25 February 2016, the Group entered into a sale and purchase agreement, pursuant to which the Group agreed to sell the entire issued shares of SEA (BVI) Limited, which wholly owns the issued shares of Wing Siu Company Limited (the sole registered and beneficial owner of Dah Sing Financial Centre), to an independent third party at an aggregate consideration of HK$10,101 million in cash. The disposal was completed on 24 May 2016.

(b) Kaifeng Nova City

On 19 April 2016, the Group entered into a sale and purchase agreement, pursuant to which the Group agreed to sell the entire issued share of New Insight Holdings Limited, which wholly owns the issued shares of all investment companies (the beneficial owners of a property development project at Kaifeng Nova City, Henan Province, the PRC), to an independent third party at an aggregate consideration of HK$900 million in cash. The disposal was completed on 26 April 2016.

(c) Huangshan project

On 3 August 2016, the Group entered into a sale and purchase agreement with an independent third party to sell the entire issued share capital of Rich Motion Development Limited, which wholly owns the entire registered capital of the investment company of a property development project located at Huangshan, Anhui Province, the PRC for a consideration of HK$2 million in cash. The disposal was completed on the same date.

(d) Chengdu Nova City

On 22 August 2016, the Group entered into a sale and purchase agreement with an independent third party to sell the entire issued share capital of Healthy Time International Limited, which wholly owns the beneficial interest in the property development project located in Chengdu, Sichuan Province, the PRC for a consideration of HK$890 million in cash. The disposal was completed on 29 August 2016.

42. GAIN ON DISPOSAL OF SUBSIDIARIES - continued

The major classes of assets and liabilities of the disposed subsidiaries at the respective date of each disposal were as follows:

	Dah Sing Financial Centre	**Kaifeng Nova City**	**Huangshan project**	**Chengdu Nova City**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Investment property	8,983,000	-	-	-	8,983,000
Property for development	-	531,322	85,338	610,285	1,226,945
Property, plant and equipment	390,012	2,129	210	445	392,796
Properties held for sale					
Completed properties	-	419,107	-	-	419,107
Properties under development	-	148,832	-	86,879	235,711
Receivables, deposits and prepayments	18,719	2,360	175	661	21,915
Tax recoverable (tax liabilities)	(4,130)	3,449	-	12	(669)
Bank balances and cash	44,229	118,580	191	124,746	287,746
Payables, deposits and accrued charges	(86,256)	(52,754)	(61,552)	(72,458)	(273,020)
Sales deposits	-	(17,671)	-	-	(17,671)
Bank borrowings	-	(159,078)	-	-	(159,078)
Deferred tax liabilities	(17,179)	-	-	-	(17,179)
Net assets disposed of	9,328,395	996,276	24,362	750,570	11,099,603
Gain (loss) on disposal of subsidiaries:					
Cash consideration	10,100,710	900,000	2,000	890,000	11,892,710
Add: Realisation of translation reserve upon disposal	-	6,654	759	(9,261)	(1,848)
Less: Transaction costs incurred	(150,250)	(903)	(10,677)	(3,059)	(164,889)
Less: Write off of unamortised front-end fee	(10,566)	-	-	-	(10,566)
Less: Net assets disposed of	(9,328,395)	(996,276)	(24,362)	(750,570)	(11,099,603)
Gain (loss) on disposal of subsidiaries	611,499	(90,525)	(32,280)	127,110	615,804
Cash consideration	10,100,710	900,000	2,000	890,000	11,892,710
Less: Cash consideration receivable	-	-	-	(445,000)	(445,000)
Less: Cash and cash equivalents disposed of	(44,229)	(118,580)	(191)	(124,746)	(287,746)
Less: Transaction costs paid	(150,250)	(903)	(10,677)	(3,059)	(164,889)
Net cash inflow (outflow) arising on disposal	9,906,231	780,517	(8,868)	317,195	10,995,075

The cash consideration receivable, included in receivables, deposits and prepayment as set out in note 27 will be settled in August 2017.

42. GAIN ON DISPOSAL OF SUBSIDIARIES - continued

On 30 September 2015, after taking into account the market conditions, the current development plan was changed. The Group entered into a sale and purchase agreement, pursuant to which the Group agreed to sell the subsidiaries, being the owner of a piece of land known as Sha Tin Town Lot No. 75 and the Remaining Portion of Lot No. 744 in the Demarcation District No. 176 and situated at 1-11 Au Pui Wan Street, Fo Tan, Sha Tin, New Territories, Hong Kong, to the purchaser at an aggregate consideration of HK$1,400 million, subject to certain adjustments not exceeding HK$10 million. The disposal was completed on 30 November 2015.

The major classes of assets and liabilities of the disposed subsidiaries at the date of the disposal were as follows:

	HK$'000
Properties under development for sale	950,524
Receivables, deposits and prepayments	603
	951,127
Gain on disposal of subsidiaries:	
Cash consideration	1,400,000
Add: Consideration receivable	603
Total consideration	1,400,603
Less: Transaction costs incurred	(17,650)
Less: Net assets disposed of	(951,127)
Gain on disposal of subsidiaries	431,826
Cash consideration received	1,400,000
Less: Transaction costs paid	(17,500)
Net cash inflow arising on disposal	1,382,500

Management did not consider the disposal of the subsidiaries comprising the entire early stage development projects or investment property, to be in the normal course of business of the Group and for that reason the gain or loss on disposal was presented below profit from operations after fair value changes on investment properties.

43. PRINCIPAL SUBSIDIARIES

Name of subsidiary	Place/country of incorporation/ operation	Issued and paid up share capital/ registered capital	Effective % of issued share capital/registered capital held by the Company		Principal activities
			2016	2015	
Direct subsidiary					
Benefit Strong Group Limited	B.V.I./Hong Kong	HK$1	**100**	100	Investment holding
Indirect subsidiaries					
AGP (Diamond Hill) Limited	Hong Kong	HK$2	**100**	100	Property development
Chengdu Huashang House Development Co., Ltd.*	PRC	RMB200,000,000 registered capital	**100**	100	Property investment
Chengdu Yulong No. 1 Property Development Company Limited*	PRC	RMB345,000,000 registered capital	**-**	100	Property development
Chengdu Yulong No. 2 Property Development Company Limited*	PRC	RMB80,000,000 registered capital	**-**	100	Property development
Chengdu Yulong No. 3 Property Development Company Limited*	PRC	RMB450,000,000 registered capital	**-**	100	Property development
Concord Way Limited	Hong Kong	HK$100	**100**	100	Hotel operation
Giant Well Enterprises Limited	B.V.I./Hong Kong	US$1	**100**	100	Investment holding
Grace Art Development Limited	Hong Kong	HK$1	**100**	100	Treasury services
Guangzhou Yingfat House Property Development Co., Ltd.*	PRC	US$20,110,000 registered capital	**100**	100	Property development and investment
Harvest Hill Limited	Hong Kong	HK$2	**100**	100	Financing
Huangshan City Huizhou District Feng Dan Bailu Investment and Development Company Limited*	PRC	RMB35,000,000 registered capital	**-**	100	Property and tourist leisure facilities development
Kaifeng International City No. 1 Realty Development Company Limited*	PRC	US$152,500,000 registered capital	**-**	100	Property development
Kaifeng International City No. 5 Realty Development Company Limited*	PRC	US$42,450,000 registered capital	**-**	100	Property development
Kingston Pacific Investment Limited	B.V.I./Hong Kong	US$100	**55**	55	Property development
Leighton Road Hotel Management Services Limited	Hong Kong	HK$1	**100**	100	Hotel operation
Luck Marker Limited	B.V.I./Hong Kong	US$1	**100**	-	Financial investment

Name of subsidiary	Place/country of incorporation/ operation	Issued and paid up share capital/ registered capital	Effective % of issued share capital/registered capital held by the Company		Principal activities
			2016	2015	
Indirect subsidiaries - continued					
Nanjing Hushu Ecology Travel Development Co., Ltd.@ ("NJ Hushu")	PRC	RMB100,000,000 registered capital	**51**	51	Property, cultural and tourism development
Nanjing Taligang Tourist Leisure Facilities Company Limited@ ("NJ Taligang")	PRC	RMB35,000,000 registered capital	**51**	51	Property, cultural and tourism development
Rainbow Mark Investments Limited	B.V.I./Hong Kong	US$1	**100**	-	Financial investment
Shine Concord Investments Limited	Hong Kong	HK$1	**100**	100	Hotel operation
Sino Harvest Real Estate Development (Chengdu) Company Limited*	PRC	US$3,000,000 registered capital	**100**	100	Property investment
Sky Trend Investments Limited	Hong Kong	HK$2	**100**	100	Hotel operation
Treasure Indicator Limited	B.V.I./Hong Kong	US$1	**100**	-	Financial investment
Tycoon Honour Limited	B.V.I./Hong Kong	US$1	**100**	-	Investment holding of The Moorgate Unit Trust units
Sunfold Development Limited	Hong Kong	HK$1	**100**	100	Hotel operation
Wing Siu Company Limited	Hong Kong	HK$2	**-**	100	Property investment
Worthy Merit Limited	B.V.I./Hong Kong	US$1	**100**	-	Investment holding of The Moorgate Unit Trust units

* Wholly foreign owned enterprise

@ Sino-foreign equity joint venture

The directors of the Company are of the opinion that a complete list of the particulars of all subsidiaries of the Company will be of excessive length and therefore the above list contains only the particulars of subsidiaries which principally affect the results or assets of the Group.

Subsidiaries with material non-controlling interest

Non-controlling interest recognised in the consolidated statement of financial position is mainly attributable to the shareholder's deficits relating to NJ Hushu and NJ Taligang amounting to HK$71,689,000 and HK$12,230,000 respectively. No dividend was paid or payable during the year.

As at 31 December 2016, these subsidiaries have no material income and assets; and the total current liabilities of NJ Hushu and NJ Taligang are approximately HK$186,256,000 and HK$25,401,000, respectively. During the year, the losses of NJ Hushu and NJ Taligang are approximately HK$244,455,000 and HK$45,219,000 respectively. No material cash flow was contributed by these subsidiaries during the year.